

Statistics of Income

Compendium of Studies of International Income and Taxes

1984 - 1988



Department of the Treasury
Internal Revenue Service
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Fred T. Goldberg, Jr.
Commissioner

This report presents information from studies in the international area. This information includes the foreign activity of U.S. corporations and the activity of foreign corporations in the United States and foreign interests in U.S. corporations. In addition, statistics related to individuals, partnerships, trusts, and estates are included. Data are presented by geographical location, industrial activity, and other classifiers.

Michael J. Murphy
Deputy Commissioner

David G. Blattner
Chief Operations Officer

Additional unpublished information for the studies is available on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income, 1111 Constitution Ave., NW, Washington, DC 20224.

Judy Van Alfen
Assistant Commissioner
(Returns Processing)

DeWitt R. Long, Kimberly A. Veletto, and Robert A. Wilson were the technical editors for this report and were assisted by Clementine Brittain and John Glynn. Any views expressed in the articles are those of the authors and do not necessarily represent the views of the Department of the Treasury.

Fritz Scheuren
Director, Statistics of
Income Division

Dan Skelly
Chief, Foreign Statistics Branch

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Preface

The purpose of this compendium is to assemble in one volume results from all of the recent studies conducted in the international income and taxes area by the Statistics of Income Division, Internal Revenue Service. The majority of data presented here are for Tax Years 1984 through 1988. The material selected for this compendium is comprised chiefly of articles, tabulations of data, and facsimiles of tax forms and instructions. This material is intended as a reference source for economists, statisticians and other researchers with interests and responsibilities in the international area. However, the reader unfamiliar with these studies can also gain an understanding of them from the articles.

As briefly mentioned above, this compendium contains a variety of material. It begins with a paper that provides an overview of the studies conducted by the Statistics of Income Division in the international area. There are also twelve articles which were previously published in the Statistics of Income Bulletin. (For citation purposes, these Statistics of Income Bulletin articles are listed separately as part of this preface.) Several articles and tabulations of data are presented for the first time in this compendium. Finally, there is a section showing facsimiles of the forms and schedules filed with the Internal Revenue Service and used as bases for the studies. This section also contains facsimiles of selected instructions for the forms and schedules.

With the exception of the Overview (Section 1) and the Forms and Instructions (Section 15), the Compendium of Studies of International Income and Taxes is organized such that each section contains information on a specific topic. The topics covered include:

1. Corporate foreign tax credit
2. Controlled Foreign Corporations
3. Foreign Sales Corporations
4. Interest Charge-Domestic International Sales Corporations

5. Domestic corporations with 50 percent or more ownership by a foreign entity
6. Foreign corporations with income derived from U.S. sources
7. U.S. possessions corporations
8. International boycotts
9. Individual foreign tax credit and foreign earned income
10. Foreign recipients of U.S. income
11. U.S. partnership income of foreign partners
12. Foreign trusts
13. Nonresident alien estates

It is suggested that readers using this compendium begin by looking at the overview and then the introductions at the beginning of each section. Each introduction includes a table of contents for that section.

Specific information for a given topic on sample selection and variability and nonsampling data limitations is included in the "Data sources and Limitations" section of the articles contained in this compendium. In addition to this information, a general description of Statistics of Income (SOI) sampling procedures and data limitations is available in the Appendix of the Statistics of Income Bulletin.

The current volume represents only a sampling of the statistical information that might be of value to practitioners and researchers. The Statistics of Income Division also produces other tabulations of data that are not published due to space limitations. In addition, because of disclosure considerations, no microdata public use tape files can generally be released. However, special tabulations not included in this compendium can be produced, using SOI data, upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, R:S:F, Internal Revenue Service, Washington, DC 20224.

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Section 1

Overview of Studies of International
Income and Taxes

ARTICLE	REFERENCE
"Foreign Income and Taxes Reported on U.S. Individual Tax Returns, 1983: An Overview"	Summer 1987 Vol. 7, No. 1 Pages 69-74
"Foreign Trusts, 1986"	Spring 1988 Vol. 7, No. 4 Pages 47-53
"Foreign Corporate Investment and Activity in the U.S., 1984 and 1985"	Spring 1989 Vol. 8, No. 4 Pages 75-91
"Controlled Foreign Corporations, 1984: An Industry Focus"	Fall 1989 Vol. 9, No. 2 Pages 31-52
"Corporate Foreign Tax Credit, by Industry, 1984"	Winter 1989-90 Vol. 9, No. 3 Pages 57-90
"Controlled Foreign Corporations, 1984: A Geographic Focus"	Spring 1990 Vol. 9, No. 4 Pages 115-34
"Domestic Corporations Controlled by Foreign Persons, 1987"	Summer 1990 Vol. 10, No. 1 Pages 73-90
"Corporate Foreign Tax Credit, 1986: An Industry Focus"	Fall 1990 Vol. 10, No. 2 Pages 65-83
"Foreign Corporations with Income Effectively Connected with a U.S. Business, 1987"	Winter 1990-91 Vol. 10, No. 3 Pages 7-18
"Foreign Recipients of U.S. Income, 1988"	Winter 1990-91 Vol. 10, No. 3 Pages 19-30
"1986 Corporation Foreign Tax Credit, A Geographic Focus"	Winter 1990-91 Vol. 10, No. 3 Pages 31-46
"Controlled Foreign Corporations, 1986"	Summer 1991 Vol. 11, No. 1 Pages 29-50
"U.S. Possessions Corporation Returns, 1987"	Summer 1991 Vol. 11, No. 1 Pages 51-60

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Introduction, p. 1.

"Statistics of Income Studies of International Income and Taxes: A Description of the Studies," p. 3.

This section is designed to provide the reader with an introduction to the various foreign and international area studies conducted by the Statistics of Income (SOI) Division of the Internal Revenue Service. The paper contained in this section is divided into two

parts. The first part deals with those studies that pertain to the activities of U.S. persons abroad; the second deals with studies that pertain to the activities of foreign persons within the United States. Within the two parts are sections dealing with each study. These sections include a brief explanation of the applicable tax law and some selected data.

The reader is referred to Sections 2 through 14 for more complete discussions and data presentations of each SOI study. Copies of tax forms and instructions related to the studies are contained in Section 15 of this compendium.

Statistics Of Income Studies Of International Income And Taxes

By DeWitt R. Long

I. INTRODUCTION

The Statistics of Income Division of the Internal Revenue Service conducts a number of studies dealing with international income and taxes. These studies can be divided into two broadly-defined groups. One group includes studies dealing with the foreign activities of U.S. persons. The other group deals with the activities of foreign persons within the United States.

In general, the nature of the U.S. tax system that a taxpayer faces depends upon the identity of the taxpayer. The United States generally taxes U.S. persons on their worldwide income or property (in the case of estate taxation), regardless of where the income is earned or where the property is located. On the other hand, the United States usually taxes persons who are not U.S. persons (i.e., foreign persons) only on the portion of their income or property that is in some way related or connected to the United States. Therefore, the determination of whether a taxpayer is a U.S. or foreign person is critical to determining the nature of the U.S. tax system that the taxpayer faces. A U.S. person is any citizen or resident of the United States, a domestic partnership or corporation, and any estate or trust that is not considered foreign. A foreign person is any person who is not a U.S. person.[1]

Part II of this article, Foreign Activity of U.S. Persons, describes those studies that deal with the international activity of U.S. persons. These studies include the following: Corporate Foreign Tax Credit, Controlled Foreign Corporations, Foreign Sales Corporations, Interest Charge-Domestic International Sales Corporations, U.S. Possessions Corporations, International Boycotts, Individual Foreign Tax Credit and Foreign Earned Income, and Foreign Trusts. Part III of this article, Activity of Foreign Persons in the United States, describes those studies that deal with activity conducted within the United States by foreign persons. These studies include the following: Domestic Corporations Controlled by Foreign Persons, Foreign Corporations With Income Derived from U.S. Sources, Foreign Recipients of U.S. Income, U.S. Partnership Income of Foreign Partners, and Nonresident Alien Estates. Part IV, Plans for Future Studies, describes the plans for the

studies of international income and taxes for the period between 1988 and 1993. This section also describes several other studies for which data will be available in the future.

II. FOREIGN ACTIVITY OF U.S. PERSONS

Corporate Foreign Tax Credit

One problem faced by U.S. corporations engaged in business activity outside the United States is the double taxation of income. Double taxation usually results when the foreign-source income of a U.S. person is taxed both by the foreign country where the income is earned and by the United States. The foreign tax credit was enacted in 1918 to alleviate the problem of conflicting tax burdens imposed on U.S. taxpayers.[2] The United States allows U.S. taxpayers a credit against their U.S. tax liability for income, war profits and excess profits taxes paid or deemed to have been paid to foreign countries and U.S. possessions.[3] The taxpayer may instead deduct its foreign taxes from its gross income under section 164 of the Internal Revenue Code. However, if a deduction is chosen, the taxpayer is not allowed to credit any foreign taxes. A credit is allowed for both taxes paid or accrued directly by the taxpayer and taxes paid by a foreign subsidiary of the taxpayer when the subsidiary makes a distribution to the taxpayer.

Prior to calculating the actual foreign tax credit, the taxpayer must determine its creditable foreign taxes.[4] This determination requires an analysis of each separate levy imposed by a foreign country to determine whether the levy is an income tax in the U.S. sense.[5] Also, the taxpayer must determine the amount of the tax that is actually creditable, because certain tax payments, such as foreign taxes reasonably certain to be refunded, can not be credited. However, even if the levy is not considered a creditable income tax, it may still be creditable as a tax in lieu of an income tax. A levy is a tax in lieu of an income tax if the levy is a tax and it is imposed in substitution for, and not in addition to, a generally imposed income tax.

As noted above, a domestic corporation receiving a dividend from a foreign subsidiary can claim a credit for foreign taxes actually

paid by the subsidiary. Such taxes are deemed to have been paid by the domestic corporation receiving the dividend. For a U.S. corporation to claim a credit for taxes deemed paid, it must own at least ten percent of the foreign corporation's voting stock. Also, credit may be taken for taxes paid by second- and third-tier foreign subsidiaries, provided that the product of each tier's ownership level is at least five percent. The allowable credit for foreign taxes deemed paid is equal to the foreign taxes paid by the foreign subsidiary multiplied by the ratio of the dividend paid to the foreign subsidiary's earnings and profits.

Once creditable foreign taxes, both paid or accrued and deemed paid, have been determined, the taxpayer must compute the limitation on the allowable credit. The foreign tax credit limitation limits the foreign tax credit to what the U.S. tax would be on foreign-source income. The foreign tax credit limitation must be computed separately for different types of income. For tax years beginning prior to 1987, the credit was computed separately for five types or "baskets" of income. These baskets were Section 904(d) interest income, dividends from a Interest Charge-Domestic International Sales Corporation (IC-DISC) or former DISC, taxable income attributable to the foreign trade income of a Foreign Sales Corporation (FSC), distributions from a FSC out of earnings and profits attributable to foreign trade income, and all other income.[6] For tax years ending after 1987, a taxpayer must compute the foreign tax credit limitation separately for nine types of income. The post-1986 baskets are passive income, financial services income, high withholding tax interest, shipping income, dividends from each noncontrolled Section 902 corporation, dividends from an IC-DISC or former DISC, taxable income attributable to the foreign trade income of a FSC, distributions from a FSC out of earnings and profits attributable to

foreign trade income, and all other income.[7] When computing the foreign tax credit limitation, the taxpayer must determine gross foreign-source income, reduced by deductions that are properly allocable to foreign-source income and the ratable part of any deductions not definitely allocable to any particular income. In addition, income, deductions and taxes must be allocated to the appropriate income basket. If a taxpayer has creditable foreign taxes in excess of the foreign tax credit limitation, the taxpayer may be able to credit the taxes in another year. The taxpayer can carry the taxes back to two prior years or forward to up to five succeeding years.

A corporation that chooses to claim a foreign tax credit must file a Form 1118, Computation of Foreign Tax Credit - Corporations, with its corporate income tax return. A separate Form 1118 must be filed for each income basket. On the Form 1118, the taxpayer must report all foreign-source income and deductions and foreign taxes for each foreign country in which income was earned or taxes paid. The corporation must calculate the foreign tax credit limitation for each income basket. The foreign tax credit for each basket is the lesser of creditable foreign taxes or the foreign tax credit limitation. The total foreign tax credit is the sum of the credits for each income basket.

Figure A contains selected foreign income and tax data reported on Forms 1118 filed for selected years between 1976 and 1988. The substantial drop in the foreign tax credit between 1980 and 1982 was the result of the worldwide recession that occurred in the early 1980's.[8] Since 1982, foreign income and taxes have increased to pre-1982 levels. By 1988, foreign-source taxable income had surpassed the 1980 level and total foreign taxes were nearly equal to the 1980 amount.

Figure A.—Foreign Tax Credit Claimed on Corporation Income Tax Returns, 1976–1988

(Money amounts in millions of dollars)

Tax Year	All Returns		Returns with Form 1118 Filed			
	Number of Returns	Foreign Tax Credit Claimed	Number of Returns	Foreign Taxable Income	Total Foreign Taxes*	Foreign Tax Credit Claimed
1976.....	6,513	\$23,579	6,136	\$55,414	\$43,863	\$23,547
1978.....	6,039	26,358	5,219	65,150	59,912	26,344
1980.....	6,199	24,880	6,046	70,541	34,207	24,867
1982.....	4,941	18,932	4,931	59,482	40,265	18,932
1984.....	4,841	21,420	4,809	63,588	28,605	21,407
1986.....	4,506	22,261	4,409	65,809	28,467	22,258
1988.....	4,787	27,119	4,230	99,865	33,358	27,111

*Total foreign taxes available for credit (including carryover of prior year taxes) before reduction for certain foreign taxes.

Controlled Foreign Corporations

A corporation is generally treated as a legal entity separate and distinct from its shareholders. Given this separate status, a corporation is generally taxed separately from its shareholders. The corporation usually has an effect on a shareholder's taxation only when the corporation actually distributes its earnings to the shareholder, such that if no distribution occurs, the earnings of the corporation are only taxed at the corporation's level.[9] When the corporation exists in a different country than its shareholders, differing tax rules may create incentives for shareholders who control the corporation to shift income to the corporation.[10] Since the United States usually does not tax a foreign corporation that has no contacts to the United States (other than the fact that its shareholders reside in the United States), controlling U.S. shareholders of the foreign corporation may wish to accumulate income in the foreign corporation. Prior to 1962, this income could indefinitely avoid U.S. taxation. The Subpart F provisions of the Internal Revenue Code were enacted in 1962 to address this problem.[11] Under Code section 951, a U.S. shareholder of a Controlled Foreign Corporation (CFC) must include in gross income the shareholder's pro rata share of certain income of the CFC. This includable income includes the CFC's Subpart F income, the CFC's increase in earnings invested in U.S. property, any previously excluded Subpart F income withdrawn from qualified investments in less developed countries and in foreign base company shipping operations, any previously excluded export trade income withdrawn from investments in qualified export assets, and factoring income.

The main requirement for the application of this tax system is that the foreign subsidiary must be a Controlled Foreign Corporation (CFC). In general, a CFC is any foreign corporation with more than fifty percent of either the total

combined voting power or the total value of its stock owned or considered to be owned by U.S. shareholders. A U.S. shareholder is a U.S. person who owns at least ten percent of the foreign corporation's combined voting power of all classes of stock entitled to vote. If a foreign corporation is a CFC for an uninterrupted period of thirty days, then the inclusion noted above is required.

The Subpart F income of a CFC includes the following: (1) insurance income; (2) foreign base company income; (3) international boycott participation income; (4) the sum of illegal bribes and other payments made to government officials that would be unlawful under the Foreign Corrupt Practices Act of 1977; and (5) income derived from a country which is not recognized by the United States, with which the United States does not conduct or has severed diplomatic relations, which repeatedly provides support for acts of international terrorism, or, for tax years beginning after January 1, 1988, the Republic of South Africa.[12]

If a foreign corporation is a CFC for thirty uninterrupted days, every United States shareholder on the last day of the CFC's tax year must include its pro rata share of the CFC's includable income in the shareholder's gross income. To fulfill this requirement, the taxpayer must file a Form 5471, Information Return With Respect to a Foreign Corporation, for all foreign corporations in which the person owns more than fifty percent of the stock.[13] This information return is filed as part of the U.S. corporate return. On the Form 5471, the taxpayer must report certain identifying information; the income, assets, and liabilities of the CFC; distributions made by the CFC; and the CFC's transactions with related parties. This information serves as the basis for the CFC data.

Figure B contains data for CFC's for selected years between 1976 and 1988. Data for

Figure B.—Controlled Foreign Corporations, 1976–1988

(Money amounts in millions of dollars)

Tax year	Number of returns	Controlled Foreign Corporations					
		Number of CFC's	Total assets	Business receipts	Current E&P before taxes*	Foreign income taxes	Total distributions
1976.....	757	21,071	\$285,442	\$342,777	\$23,479	\$8,630	\$6,569
1980.....	951	24,138	477,828	652,490	44,502	15,316	13,421
1982.....	1,034	26,993	557,209	647,877	36,696	14,077	14,650
1984.....	1,103	27,003	595,406	624,530	48,592	19,663	17,429
1986.....	714	7,500	740,396	589,885	56,591	19,035	21,731
1988**.....	751	7,500	953,787	817,309	78,920	23,663	45,386

*Current earnings and profits (less deficit) before taxes.

**Preliminary data.

Note: Data for Tax Years 1976 through 1986 are for U.S. corporations with total assets of at least \$250 million. Data for 1988 include U.S. corporations with total assets of \$500 million or more. Data for 1986 and 1988 include only the 7,500 CFC's with the largest amount of total assets.

1986 and 1988 are only for the 7,500 CFC's with the largest amount of total assets. Historically, these CFC's have accounted for over ninety percent of the total amount for all CFC's for most financial items. Particularly noteworthy is the large increase in distributions made by CFC's during recent years. Between 1986 and 1988, current earnings and profits of CFC's before taxes increased by about forty percent. During this same period, total distributions of CFC's increased by 109 percent.

Foreign Sales Corporations

A Foreign Sales Corporation (FSC) is a foreign corporation formed in certain foreign countries and U.S. possessions for the purpose of exporting U.S. products. The FSC provisions of the Internal Revenue Code provide a partial corporate tax exemption for certain income earned by the FSC. The FSC was created by the Deficit Reduction Act of 1984 to replace the Domestic International Sales Corporation (DISC). The DISC was a domestic corporation whose qualifying export income was not subject to U.S. income taxation until the income was distributed or deemed to be distributed to the DISC's shareholders. The DISC was the subject of proceedings in the General Agreement on Tariffs and Trade (GATT) following allegations by other signatories of the GATT that the DISC was an illegal export subsidy because it received an indefinite deferral of direct taxes on income earned in the United States from exports. To resolve the dispute, the United States replaced the DISC with the FSC and the Interest Charge-Domestic International Sales Corporation.[14]

To be eligible for FSC status and the resultant tax benefits, a corporation must fulfill certain organizational and foreign presence requirements. The foreign presence requirements include requirements that certain management and economic process activities of the corporation must be performed outside the United States.[15]

The major tax benefit available to a FSC is the exemption from tax of a portion of the FSC's foreign trade income. The rest of the FSC's income is subject to U.S. tax. Foreign trade income is the gross income of the FSC attributable to foreign trading gross receipts.[16] For transactions between a FSC and a related party, the FSC must calculate its foreign trade income using the transfer pricing rules.[17] These pricing rules are the combined taxable income method, the percentage of gross receipts method, and the arms length pricing method. Under the combined taxable income and the gross receipts methods, a certain portion of the income derived from a transaction with a

related party is allocated to the FSC. Under the arms length income method, the FSC's income is equal to the amount that the FSC could independently justify on the basis of its sales activity.

Once the FSC has determined its foreign trade income, it must calculate the portion of foreign trade income that is tax-exempt. For a FSC with corporate shareholders, the exempt portion of foreign trade income is either fifteen twenty-thirds of foreign trade income (if foreign trade income is determined under either the combined taxable income or percentage of gross receipts methods) or thirty percent of foreign trade income (if foreign trade income is determined under the arms length pricing method). For a FSC with all noncorporate shareholders, the exempt portion of foreign trade income is either sixteen twenty-thirds of foreign trade income (if foreign trade income is determined under either the combined taxable income or percentage of gross receipts methods) or thirty-two percent of foreign trade income (if foreign trade income is determined under the arms length pricing method). The exempt portion of foreign trade income is excluded from the taxable income of the FSC. All other foreign trade income is treated as nonexempt income and is subject to taxation at U.S. corporate tax rates. In addition, all income of the FSC that is not foreign trade income (e.g., investment income) is subject to tax.

Small exporters have the option of electing small FSC status. A small FSC does not need to meet the foreign presence requirements noted above. However, the small FSC's foreign trading gross receipts may not be greater than \$5 million. If foreign trading gross receipts are greater than \$5 million, the small FSC must either elect regular FSC status or select those transactions to include in foreign trading gross receipts.

A FSC must file a Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation. On the Form 1120-FSC, the FSC must report its foreign and nonforeign trade income calculations, tax computations, assets and liabilities, and certain other information. The information reported on the Form 1120-FSC is the basis for the data provided in this compendium for FSC's. The Statistics of Income Division conducted studies for FSC returns filed for 1985, 1986, and 1987. The next study will include returns filed for 1991.

Figure C contains selected financial data for all FSC's and regular FSC's for 1987. Although regular FSC's included only thirty-nine percent of all FSC returns filed, they accounted for over ninety-five percent of gross receipts, ninety-two percent of foreign trade income,

Figure C.—Foreign Sales Corporations, 1987

(Money amounts in millions of dollars)

Item	All Foreign Sales Corporations	Regular Foreign Sales Corporations
Number of returns.....	2,613	1,016
Total assets.....	\$5,563	\$5,017
Gross receipts.....	84,280	80,205
Total income.....		
Foreign trade.....	20,287	18,748
Non-foreign trade.....	207	15
Net income (less deficit).....	1,294	1,213
Taxable income.....	1,292	1,210
Total tax.....	507	479

ninety-three percent of taxable income and about ninety-five percent of the total tax. The remaining amounts are attributed to small FSC's.

Interest Charge-Domestic International Sales Corporations

An Interest Charge-Domestic International Sales Corporation (IC-DISC) is a domestic corporation that exports U.S. products. The IC-DISC was created in 1984 through amendments to the DISC provisions of the Internal Revenue Code to make them compatible with the requirements of the General Agreement on Tariffs and Trade. The IC-DISC is primarily intended to provide incentives to small exporters.[18]

To qualify to be an IC-DISC, at least ninety-five percent of a domestic corporation's assets must be qualified export assets and at least ninety-five percent of its gross receipts must be qualified export receipts.[19] Qualified export assets include export property and various other property related to exporting. Qualified export receipts include gross receipts from the sale of qualified export assets and various other income related to exporting.

In general, the IC-DISC is exempt from taxation. However, certain income of the IC-DISC is taxed to its shareholders. There are two components to the taxation of the shareholders of an IC-DISC. First, the shareholder is deemed to receive an annual taxable distribution from the IC-DISC equal to the shareholder's pro rata share of various income earned by the IC-DISC.[20] Second, with respect to income of an IC-DISC that is not deemed distributed, the shareholder of an IC-DISC must pay an interest charge on the shareholder's DISC-related deferred tax liability. This tax liability equals the shareholder's tax liability if deferred DISC income were included in the shareholder's gross

income minus the actual tax liability of the shareholder. In essence, the shareholder must pay interest on the tax liability that is being deferred because the IC-DISC's income is not being distributed to shareholders, and therefore, is not being taxed.

An IC-DISC must file a Form 1120-IC-DISC, Interest Charge Domestic International Sales Corporation Return. On the Form 1120-IC-DISC, the IC-DISC must report its income and deductions, tax computation, assets and liabilities, deemed and actual distributions to shareholders, and certain other information. The information reported on the Form 1120-IC-DISC is the basis for the data provided for IC-DISC's in this compendium. The Statistics of Income Division conducted a study of IC-DISC returns filed for 1985, 1986, and 1987. The next study will be for returns filed for 1991. Figure D contains selected data for IC-DISC returns for 1987.

Figure D.—Interest Charge-Domestic International Sales Corporations, 1987

(Money amounts in millions of dollars)

Item	1987
Number of returns.....	1,185
Total assets.....	\$911
Total export gross receipts.....	3,623
Total qualified export and nonqualified receipts.....	1,829
Net income (less deficit).....	257
Taxable income.....	258
Total amount deemed distributed.....	49

U.S. Possessions Corporations

Since the 1920's, the United States has provided incentives to U.S. corporations to encourage them to make employment-producing investments in U.S. possessions.[21] The Revenue Act of 1921 provided a tax exemption for all foreign-source income earned by certain eligible corporations. The Tax Reform Act of 1976 removed the exemption for income derived outside possessions in order to prevent the avoidance by possessions corporations of U.S. taxation on income from foreign countries. Rules for the treatment of income from intangible property were added to the Internal Revenue Code by the Tax Equity and Fiscal Responsibility Act of 1982.[22]

A possessions corporation may credit that portion of its U.S. tax attributable to the sum of (1) taxable income from sources outside the United States from the active conduct of a

business in a U.S. possession and (2) qualified possessions-source investment income.[23] To be eligible for the credit, a corporation must meet two requirements. First, at least eighty percent of the corporation's gross income over the eligible period must be from sources within a U.S. possession.[24] Second, at least seventy-five percent of the corporation's gross income must be from the active conduct of a trade or business in a U.S. possession.[25] If these requirements are met, the corporation may file a Form 5712, Election To Be Treated as a Possessions Corporation Under Section 936, electing to be treated as a possessions corporation.

A possessions corporation may credit the portion of its U.S. tax on possessions-source income. Possessions-source income includes income from the active conduct of a business in a U.S. possession and qualified possessions-source investment income. Qualified possessions-source investment income is generally gross income, net of properly allocable deductions, attributable to investments within a U.S. possession of funds derived from the active conduct of business in the same possession.

The Tax Equity and Fiscal Responsibility Act of 1982 added Code section 936(h) dealing with income from intangible property to the Internal Revenue Code. As a general rule, this section provides that income from intangible property is taxed on a pro rata basis to the U.S. shareholders of the possessions corporation, after the possessions corporation has received a reasonable profit for its costs attributable to the income from the intangible property.[26] The possessions corporation can elect out of this general rule and use an alternative method for allocating income from intangible property between the possessions corporation and related persons, provided that the possessions corporation maintains a significant business presence in a U.S. possession. The alternative methods are the cost-sharing method and the profit-split method. Under the cost-sharing method, the possessions corporation pays part of the cost of product area research incurred by the affiliated group.[27] Under the profit-split method, the possessions corporation's taxable income is equal to fifty percent of the affiliated group's combined taxable income derived from certain types of sales.

A possessions corporation that claims a possessions tax credit must file a Form 1120, U.S. Corporation Income Tax Return, along with an attached Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936. On the Form 5735, the possessions corporation determines its eligibility for the

possessions tax credit and computes the actual amount of the credit. On Schedule P of the Form 5735, the possessions corporation calculates its intangible income if it uses either of the two alternative methods noted above. Of the 516 possessions corporation returns filed for 1987, 233 returns included a Schedule P. The information provided on the Forms 1120 and 5735 forms the basis of the possessions corporation data. In addition, data from Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, filed by possessions corporations, are collected.

Figure E contains possessions corporation data for selected years between 1983 and 1987. Although the number of possessions corporations has decreased by over seventeen percent between 1983 and 1987, the total assets reported by these corporations has increased by over thirty-nine percent and total receipts has increased by forty-six percent. The income tax liability of possessions corporations increased by forty percent since 1983 and the possessions tax credit claimed has increased by about forty-two percent.

Figure E.—U.S. Possessions Corporations, 1983-1987

[Money amounts in millions of dollars]

Item	1983	1985	1987
Number of returns.....	625	594	516
Total assets.....	\$22,205	\$27,735	\$33,184
Total retained earnings.....	14,134	17,102	19,678
Total receipts.....	13,716	16,230	20,024
Business receipts.....	12,025	13,179	16,499
Net income (less deficit).....	4,396	5,359	7,068
Income subject to tax.....	4,376	5,336	7,075
Total income tax.....	2,008	2,455	2,820
Possessions tax credit.....	1,966	2,429	2,785

International Boycotts

U.S. persons who participate in certain international boycotts are denied various tax benefits that would otherwise be available to them. The purpose of the boycott provisions is to discourage U.S. persons from engaging in certain boycotts, such as the Arab League boycott against Israel.[28]

Extensive reporting requirements are imposed upon U.S. persons with operations in certain countries.[29] In general, a U.S. person must report on all operations located in or related to countries requiring participation in an international boycott, and countries which the person knows (or has reason to know) require

participation in or cooperation with a boycott as a condition of doing business. Also, a U.S. person must report on any operations that take part in or that are requested to take part in an international boycott. If a person takes part in an international boycott, all of that person's operations in the country requiring participation in the boycott are treated as connected to the person's participation in the boycott, unless the U.S. person can clearly demonstrate that a particular operation is a clearly separate and identifiable operation that is not connected with the boycott.

If a person is involved in an international boycott, that person may lose certain tax benefits ordinarily available to the taxpayer under the Internal Revenue Code. The taxpayer may choose between either of two benefit reduction methods: specifically attributable taxes and income method, and international boycott factor method. If the taxpayer can clearly identify the income and taxes related to specific operations, then the taxpayer can use the specifically attributable taxes and income method. With this method, tax benefits are reduced by the amount specifically attributable to operations participating in the international boycott. If the taxpayer is unable to specifically attribute income and taxes, it must use the international boycott factor method. The international boycott factor is the ratio of operations associated with carrying out a boycott in which the taxpayer participated to the worldwide operations of the taxpayer. This ratio is then used to reduce the tax benefits noted below.

The tax benefits affected by participation in an international boycott include a reduction in the foreign tax credit (if the international boycott factor method is used) or a reduction in foreign taxes eligible for credit (if the specifically attributable income and taxes method is used); a reduction in the deferral of income of a CFC (by increasing Subpart F income); a reduction in the exemption for the foreign trade income of a FSC; and a reduction in the deferral of income of an IC-DISC.

U.S. persons subject to the international boycotts provisions must file a Form 5713, International Boycott Report. On the Form 5713, the U.S. person must report its operations in boycotting countries, and any requests for, and acts of, participation in a boycott. If the person uses the international boycott factor method, it must compute the factor on Schedule A of the Form 5713. If the specifically attributable taxes and income method is used, the U.S. person must identify the specific income and tax amounts on Schedule B. Schedule C is used to compute the reduction in tax benefits. The information provided on Form 5713

is the basis of the international boycott data contained in this compendium. The Statistics of Income Division conducts a study of all Forms 5713 once every four years. Data for the most recent study, 1986, is included in this compendium. During intervening years, small studies including only those returns showing tax effects are conducted.

Figure F contains international boycott data for 1982 and 1986. Corporations filed the great majority of the information reports. Further, corporations bore all of the tax effects of international boycotts provisions. However, as the amounts in the Figure F indicate, the magnitude of the reduction in tax benefits has been declining.

Figure F.—International Boycott Participation, 1982, 1986

[Money amounts in thousands of dollars]

Item	1982	1986
Number of boycott reports filed		
All persons, total.....	2,822	2,104
Corporations.....	2,583	1,900
Individuals.....	118	100
Partnerships.....	95	83
Trusts and other persons.....	26	21
Number of returns with tax effect.....	87	40
Reduction in foreign taxes		
eligible for a foreign tax credit*.....	\$2,001	\$432
Reduction of foreign tax credit**.....	1,343	687
Subpart F boycott income.....	4,073	4,702
DISC boycott income.....	1,093	—
FSC boycott income.....	n/a	173

*Represents the reduction in foreign taxes eligible for a foreign tax credit computed using the specifically attributable taxes and income method.

**Represents the reduction in foreign tax credit computed using the international boycott factor method.

Note: All the returns with tax effects from international boycott participation were filed by corporations.

Individual Foreign Tax Credit and Foreign Earned Income Exclusion

Since the 1920's, the United States has provided certain tax benefits to U.S. citizens who earn income abroad. The foreign tax credit has been available to individuals since 1918. In 1926, the United States granted exclusions for all foreign income of U.S. citizens spending six months or more outside the United States. Numerous changes were subsequently made to the exclusion limiting its availability.[30] The purpose of the exclusion was to promote U.S. exports and encourage a U.S. presence abroad. The Foreign Earned Income Act of 1978 limited the exclusion to U.S. citizens residing in camps

in hardship areas. Other individuals were only allowed a deduction for excess costs of working abroad. In 1981, the law was changed to allow individuals to exclude a portion of income earned overseas.[31]

Presently, a taxpayer can exclude foreign earned income up to a specific limitation. Also, the taxpayer can exclude employer-provided housing costs or deduct housing costs that are not provided by an employer. In addition, a taxpayer can either credit foreign taxes against the U.S. tax liability or deduct foreign taxes from gross income. However, a taxpayer can not credit or deduct foreign taxes paid on income that was excluded from gross income.

Qualifying U.S. taxpayers can elect to exclude their foreign earned income and housing costs from foreign-source income.[32] To qualify for the exclusions, a U.S. taxpayer must meet two requirements. First, the taxpayer must have a tax home in a foreign country.[33] Second, the taxpayer must be either a U.S. citizen and a bona fide resident of a foreign country, or a U.S. citizen or resident and be physically present in a foreign country for 330 days in twelve consecutive months. A qualifying U.S. taxpayer may exclude any income that is both earned income and foreign-source. The foreign earned income exclusion is limited to the lesser of (1) foreign income earned during the appropriate period and (2) the exclusion limitation of \$70,000. In addition, an eligible U.S. taxpayer is entitled to exclude amounts paid by, or on behalf of, the taxpayer for housing costs, over a base housing amount. The base housing amount is sixteen percent of the salary of a GS-14 computed daily.[34] Also, a taxpayer who personally pays housing costs can take a housing cost deduction. This deduction may only be taken against self-employment income.

U.S. citizens and residents can either credit foreign taxes against their U.S. tax liability or deduct foreign taxes from their gross income. A taxpayer can only credit foreign income taxes or foreign taxes in lieu of income taxes. In addition, a taxpayer can not credit taxes on income excluded under the foreign earned income or foreign housing exclusions. A taxpayer must compute a limitation on the allowable foreign tax credit. The limitation is equal to the taxpayer's U.S. tax liability multiplied by the ratio of foreign-source taxable income to worldwide taxable income. The limitation must be computed separately for the following types of income: passive income, high withholding tax interest, financial services income, shipping income, dividends from an Interest Charge-Domestic International Sales Corporation (IC-DISC) or former DISC, distributions from a Foreign Sales Corporation (FSC) or former FSC, and all other

income.[35] Also, foreign taxes not allowed as a credit in one year can be carried back to two prior years or forward to up to five subsequent years.

An individual who excludes foreign earned income and housing costs must file a Form 2555, Foreign Earned Income, with the taxpayer's Form 1040, U.S. Individual Income Tax Return. An individual who claims a foreign tax credit must file a Form 1116, Computation of Foreign Tax Credit - Individual, Fiduciary, or Nonresident Alien Individual, with the taxpayer's Form 1040. The data contained on Forms 1040, 1116 and 2555 form the basis for the individual foreign tax credit and foreign earned income data. The Statistics of Income Division conducts a study of the individual foreign tax credit and foreign earned income once every four years. Data for the last two studies (for returns filed for 1983 and 1987) are contained in this compendium. The next study will include returns filed for 1991.

Figure G contains foreign earned income data for selected years between 1979 and 1987. Between 1983 and 1987, the total amount of exclusions and deductions for foreign earned income and foreign housing costs increased by about seven percent. However, an increase in the number of returns claiming an exclusion or deduction resulted in the average exclusion per return remaining about the same.

Figure G.—Foreign Earned Income, 1979-1987

(Money amounts in millions of dollars)

Item	1979	1983	1987
Number of returns.....	91,966	159,194	170,774
Adjusted gross income.....	\$3,220	\$2,612	\$4,581
Taxable income.....	2,817	2,121	3,423
Foreign earned income.....	3,710	7,186	8,190
Foreign earned income exclusion*.....	288	5,707	5,982
Foreign housing exclusion*.....	n/a	315	468
Foreign housing deduction*.....	n/a	13	17

*For 1979, the foreign earned income exclusion was only available for persons living in a hardship area camp. No foreign housing exclusion or deduction was available.

Figure H contains individual foreign tax credit data for selected years between 1979 and 1987. Foreign-source income declined as a percentage of total taxable income during this period, decreasing from 26.7 percent for 1979 to 9.8 percent for 1987. Correspondingly, the foreign tax credit claimed declined as a percentage of the U.S. income tax, decreasing from 14.3 percent for 1979 to 6.1 percent for 1987.

Figure H.—Foreign Tax Credit Claimed on Individual Income Tax Returns, 1979-1987

(Money amounts in millions of dollars)

Item	1979	1983	1987
Number of returns.....	287,508	371,945	561,109
Adjusted gross income.....	\$18,815	\$30,234	\$72,483
Taxable income.....	15,019	23,523	56,682
Foreign-source.....	4,011	3,246	5,535
Foreign taxes available for credit.....	1,235	1,141	1,806
U.S. income tax before credits.....	5,905	8,217	16,996
Foreign tax credit claimed.....	842	617	1,036

Foreign Trusts

A trust is an arrangement whereby a trustee takes title to property for the purpose of protecting or conserving it for beneficiaries. A foreign trust is a trust the income of which, from foreign sources, is not includible in gross income under Subtitle A of the Internal Revenue Code. The criteria used to determine whether a trust is foreign include the residence of the trustee, the place where the trust is formed, the place of administration of the trust, the governing law (if the trust instrument designates governing law), and the nationality of the grantor and beneficiary.

Whether a foreign trust is subject to U.S. taxation depends upon the type of trust involved. If the foreign trust is a grantor trust, the grantor is considered the owner of the corpus of the trust and the trust's income is included in the grantor's taxable income.[36] The grantor is treated as the owner of the trust corpus in situations where the grantor retains certain powers over, or interests in, the trust. In addition, a foreign trust is treated as a grantor trust if it has a U.S. beneficiary.

If the foreign trust is a non-grantor trust, then the income of the foreign trust is taxed under the general rules applicable to nonresident aliens.[37] If the foreign trust is not engaged in a trade or business within the United States, it is subject to the thirty percent withholding tax on fixed or determinable, annual or periodical income. Also, the trust is subject to the ten percent tax on the gain from the sale or exchange of a U.S. real property interest. If the trust is engaged in a trade or business within the United States, it is taxed at regular U.S. rates on income effectively connected with the U.S. trade or business.

In addition, transfers by a U.S. person to a foreign trust are subject to an excise tax under Code section 1491. A thirty-five percent tax is imposed on the excess of the fair market value of transferred property over the sum of the adjusted basis plus the gain recognized at the time of the transfer by the transferor. However, certain transfers are not subject to the excise tax.

In general, a U.S. person who creates, or transfers property to, a foreign trust must file a Form 3520, Creation of or Transfers to Certain Foreign Trusts. On the Form 3520, the U.S. person must provide information regarding the nature of the foreign trust, the identity of the beneficiary, and the value of the property transferred. Every year thereafter, the U.S. person must file a Form 3520-A, Annual Return of Foreign Trust With U.S. Beneficiaries, as long as the trust has at least one U.S. beneficiary. On the Form 3520-A, the U.S. person must provide information regarding the income, expenses, assets, and liabilities of the foreign trust. Once every four years, the Statistics of Income Division conducts a study of Forms 3520 and 3520-A filed for the year at the Philadelphia Service Center. The last study included returns filed during 1986. The next study will be conducted for returns filed for 1990.

Figure I contains data for foreign trusts for selected years between 1978 and 1986. The number of transfers to foreign trusts decreased by 34.6 percent between 1978 and 1986. However, the average value of assets transferred increased by 36.0 percent during this same period.

III. ACTIVITY OF FOREIGN PERSONS IN THE UNITED STATES

Domestic Corporations Controlled by Foreign Persons

One means for a foreign person to establish a business within the United States is to acquire an interest in a domestic U.S. corporation. This acquisition can be in the form of an acquisition of the stock of an existing domestic corporation or the formation of a new domestic corporation.

Foreign-owned domestic corporations are subject to the corporate tax rules that apply to all domestic corporations. Foreign-owned corporations are subject to U.S. tax, along with all domestic corporations, under Code section 11. The tax rates imposed are graduated up to forty-six percent (for taxable income over \$100,000) for taxable years beginning before July 1, 1987, and thirty-four percent (for

Figure I.—Foreign Trusts: Transfer Activity, 1978–1986

(Money amounts in thousands of dollars)

Item	1978	1982	1986
Number of Forms 3520 filed.....	390	338	255
Number individuals filing.....			
Total.....	390	324	255
Grantor.....	334	216	182
Transferor.....	56	63	69
Other.....	—	35	4
Value of assets transferred.....	\$18,998	\$9,756	\$16,892

*Includes returns indicating filer was both grantor and transferor.

taxable income over \$75,000) for taxable years beginning after July 1, 1987.[38]

All domestic corporations must file a Form 1120, U.S. Corporate Income Tax Return. On the Form 1120, the corporation must indicate whether any person owned at least fifty percent of the corporation's stock. In addition, the corporation must indicate whether the fifty percent or more owner is a foreign person, and, if so, provide the country of the foreign person and the percent of stock owned by the foreign person. The data included in this compendium are for corporations that indicated fifty percent or more foreign ownership.

Figure J contains data for the returns of foreign-controlled domestic corporations filed for 1983 through 1987. The number of foreign-controlled domestic corporations increased by over thirty-three percent between 1983 and 1987. Assets and receipts increased by over seventy-five percent. However, taxable income of foreign-controlled domestic corporations increased by only thirty-five percent and the income tax liability of these corporations increased by only seventeen percent.

Figure J.—Domestic Corporations Controlled by Foreign Persons, 1983–1987

(Money amounts in millions of dollars)

Item	1983	1984	1985	1986	1987
Number of returns.....	33,622	37,401	36,677	36,778	44,862
Total assets.....	\$530,334	\$552,598	\$655,696	\$840,983	\$959,394
Total receipts.....	389,909	459,162	513,778	542,695	686,786
Business receipts.....	359,793	423,602	473,893	497,304	632,731
Total deductions.....	387,981	454,642	510,955	544,273	681,349
Cost of sales and operations.....	271,373	320,857	357,520	370,779	481,645
Net income (less deficit).....	1,849	4,528	2,978	(1,519)	5,608
Income subject to tax.....	10,707	13,411	11,428	9,370	14,477
Income tax before credits.....	4,849	6,050	5,152	4,070	5,676
Foreign tax credit.....	671	788	725	484	660
Distributions to stockholders.....	4,327	3,322	3,529	5,819	12,484

Foreign Corporations With Income Derived From U.S. Sources

A foreign person can engage in business activity within the United States through a branch of a foreign corporation. A foreign corporation engaged in a U.S. trade or business through branch operations is taxed in manner similar to a U.S. person on all income that is effectively connected with the conduct of the U.S. trade or business.[39] For income to be taxed in this manner, the foreign corporation must engage in an activity which constitutes a business and the income taxed must be effectively connected with the conduct of the business. Effectively connected income can be either U.S. or foreign-source. Effectively connected income generally includes all U.S.-source income regardless of whether it is in fact attributable to the U.S. business. Effectively connected income can also include certain types of foreign-source income, including certain rents and royalties for the use of, and gains on the sale of, intangible intellectual property derived from the U.S. trade or business. However, in order for foreign-source income to be effectively connected income, the foreign corporation must have an office or fixed place of business within the United States to which the foreign income is attributable.

A foreign corporation engaged in a U.S. trade or business must file a Form 1120F, U.S. Income Tax Return of a Foreign Corporation. On the Form 1120F, the foreign corporation must report its effectively connected income, income that is not effectively connected, assets and liabilities, and the computation of the corporation's regular income tax and branch profits tax. The Statistics of Income Division conducts an annual study of all Forms 1120F filed as part of the study conducted for regular corporate income tax returns.

Figure K.—Foreign Corporations With Income Derived from U.S. Sources, 1983–1987

(Money amounts in millions of dollars)

Item	1983	1984	1985	1986	1987
Number of returns.....	8,001	10,905	11,693	11,342	10,478
Total receipts.....	\$20,794	\$43,656	\$50,909	\$43,626	\$61,004
Business receipts.....	5,477	15,446	20,275	15,752	19,971
Interest.....	13,567	25,939	27,199	24,293	37,934
Dividends from domestic corporations.....	65	65	87	66	43
Total deductions.....	21,882	45,004	51,928	43,739	61,130
Cost of sales and operations.....	3,723	12,552	15,032	11,802	11,728
Taxes paid.....	272	466	514	493	608
Interest paid.....	13,460	24,791	25,719	23,562	36,611
Net income (less deficit).....	(1,118)	(1,513)	(1,487)	(139)	(162)
Income subject to tax.....	469	902	1,025	1,818	1,647
Income tax before credits.....	183	393	435	688	670
Foreign tax credit.....	25	59	65	118	53

Figure K contains selected data for foreign corporations with income derived from U.S. sources for 1983 through 1987. The number of returns filed increased by about thirty percent during this period. However, total receipts of these foreign corporations increased by over 193 percent and taxable income increased by over 251 percent.

Foreign Recipients of U.S. Income

A foreign person who makes investments within the United States is subject to tax on the income received, even though the income is not effectively connected to a trade or business within the United States. The United States imposes a thirty percent withholding tax on gross investment income received by a foreign person from sources within the United States.[40] This tax must be withheld by the U.S. payer of the income. The U.S. payer of the income must withhold the tax on the income and transmit it to the U.S. Treasury on behalf of the foreign recipient. If the payer should have withheld the tax but failed to do so, the payer is liable for the amount of the tax.

The income subject to the withholding tax includes income that is fixed or determinable annual or periodical (e.g., dividends, interest, rents, royalties, and wages) and certain other income paid to foreign persons. There are several significant exceptions to the withholding tax. First, the provisions of an applicable income tax treaty may reduce or entirely eliminate the tax. Second, income effectively connected with a trade or business within the United States is not subject to the withholding tax. Effectively connected income instead is subject to the regular income tax rates imposed on U.S. persons. Third, in

general, most interest received by a nonresident alien or foreign corporation from sources within the United States is not subject to the withholding tax.[41]

The U.S. withholding agent must file a Form 1042S, Foreign Person's U.S. Source Income Subject to Withholding, for each foreign recipient of U.S. income. On the Form 1042S, the withholding agent must report the name, address and country of residence of the foreign recipient; the type and amount of income paid; and the amount of tax withheld. The data reported on the Form 1042S is the basis of the data included in this compendium.

Figure L contains data filed on Form 1042S for selected years between 1978 and 1988. During this period, the number of Forms 1042S filed has increased by about 104 percent. During this same period, income paid to foreign persons increased by over 615 percent. In addition, the amount of income subject to withholding declined from 77.9 percent of total income paid in 1978 to only 41.1 percent in 1988. Therefore, the total tax withheld increased by only 218.0 percent, about one-third the rate of increase in income paid to foreign persons.

U.S. Partnership Income of Foreign Partners

A partnership that has effectively connected taxable income, any portion of which is allocable to a foreign partner, must withhold tax on the foreign partner's share of the income.[42] This withholding requirement was enacted in 1986 because Congress was concerned that a foreign person investing in a U.S. partnership might be able to avoid U.S. taxation

Figure L.—Foreign Recipients of U.S. Income, 1978-1988

[Money amounts in thousands of dollars]

Tax Year	Number of Forms 1042S Filed	Income paid		Total tax withheld
		Total	Subject to withholding	
1978.....	645,125	\$4,451,059	\$3,469,462	\$552,427
1980.....	608,781	6,576,375	4,402,559	686,208
1982.....	565,091	10,624,310	5,952,126	848,874
1984.....	780,708	17,106,632	7,738,490	1,057,453
1986.....	1,076,088	21,814,442	9,233,809	1,223,741
1988.....	1,315,406	31,845,694	13,095,878	1,759,267

on effectively connected income earned by the foreign person through the partnership.[43]

The withholding tax is imposed on the foreign partner's share of the partnership's effectively connected taxable income. Effectively connected taxable income includes gross income effectively connected with the conduct of a trade or business within the United States, net of allowable deductions connected to that income.

The withholding tax imposed is equal to the highest tax rate under Code section 1 (in the case of a noncorporate foreign partner), or the highest tax rate under Code section 11(b)(1) (in the case of a corporate foreign partner), multiplied by the effectively connected taxable income allocable to the foreign partner. The foreign partner may credit the tax paid by the partnership against the partner's U.S. income tax liability.[44]

The U.S. partnership must file a Form 8804, Annual Return for Partnership Withholding Tax, to report the partnership's total tax liability under Code section 1446. In addition, the partnership must file a Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, reporting each foreign partner's amount of effectively connected taxable income and tax liability. A copy of the Form 8805 for each foreign partner must be attached to the Form 8804 filed by the partnership. A second copy of the Form 8805 must be provided by the partnership to the foreign partner, who must attach it to its U.S. income tax return in order to claim a credit for the tax withheld. Form 8813, Partnership Withholding Tax Payment, is used to make payment of the Code section 1446 withholding tax and must be filed with the tax payments four times a year. The information provided on Forms 8804, 8805 and 8813 is the basis for the data contained in this compendium for the U.S. partnership income of foreign partners. The Statistics of Income Division conducts an annual study of information filed on Forms 8804, 8805

and 8813. The first study included forms filed for 1989.

Nonresident Alien Estates

The United States imposes an estate tax on the taxable U.S. estates of nonresident aliens.[45] A nonresident alien is a person with a non-U.S. domicile. A nonresident alien decedent's taxable estate is determined by reducing the nonresident alien's gross U.S. estate by allowable deductions. Gross U.S. estate is that part of the nonresident alien's gross estate that is located in the United States at the time of the alien's death. Allowable deductions include funeral expenses, administration expenses, claims against the estate, indebtedness on property included in the estate, losses incurred during the settlement of the estate from casualty or theft, certain charitable contributions made by the decedent, and certain transfers of property to the decedent's spouse. The estate is allowed several credits to reduce the estate tax liability. Allowable credits include the unified credit (exempting estates of up to \$60,000 from tax), the credit for State death taxes, the credit for taxes paid on certain gifts, and the credit for taxes on prior transfers.

The estate of a nonresident alien decedent must file a Form 706NA, United States Estate (and Generation-Skipping Transfer) Tax Return, Estate of nonresident not a citizen of the United States, within 9 months of the nonresident alien's death. On the Form 706NA, the estate must list the value of all property included in gross U.S. estate. In addition, the estate must report the value of property located outside the United States in order to claim most deductions.

Figure M contains data for Forms 706NA filed in 1982 and 1986. Although the number of returns filed decreased slightly, the size of the estates increased substantially. Gross U.S. estate increased by 31.6 percent during this period and the estate tax liability increased by 69.4 percent.

Figure M.—Nonresident Alien Estates, 1982, 1986

[Money amounts in thousands of dollars]

Item	1982	1986
Number of returns.....	169	161
Gross worldwide estate.....	\$148,013	\$239,611
Gross U.S. estate.....	47,135	62,017
Taxable U.S. estate.....	41,382	53,934
Estate tax after credits.....	3,850	6,520

Figure N.—Future Studies Planned for the International Area by the Statistics of Income Division, 1988-1993

Study	1988	1989	1990	1991	1992	1993
Corporate Foreign Tax Credit*	X	-	X	X	X	X
Controlled Foreign Corporations.....	X	-	X	-	X	-
Foreign Sales Corporations.....	-	-	-	X	-	-
Interest Charge-Domestic International Sales Corporations.....	-	-	-	X	-	-
U.S. Possessions Corporations.....	-	X	-	-	-	X
International Boycotts**	X	X	X	X	X	X
Individual Foreign Tax Credit and Foreign Earned Income.....	-	-	-	X	-	-
Foreign Trusts.....	-	-	X	-	-	-
Domestic Corporations Controlled by Foreign Persons.....	X	X	X	X	X	X
Foreign Corporations With Income Derived from U.S. Sources.....	X	X	X	X	X	X
Foreign Recipients of U.S. Income.....	X	X	X	X	X	X
U.S. Partnership Income of Foreign Partners.....	-	-	X	-	-	-
Nonresident Alien Estates.....	X	X	X	X	X	X
Foreign-Owned Corporations.....	X	X	X	X	X	X
Sales of U.S. Real Property Interests by Foreigners.....	X	X	X	X	X	X
Excluded Income from U.S. Possessions***	-	-	-	-	-	-

*The 1988, 1991, and 1993 Corporate Foreign Tax Credit studies are limited to type of income summary data only. No country information will be included in these studies.

**The 1988, 1989, 1991, 1992, and 1993 International Boycott studies are limited to only those returns showing a denial of tax benefits. The 1990 International Boycott study will include data for all returns with a Form 5713 attached.

***The Excluded Income from U.S. Possessions study will next be done when the United States concludes implementing agreements with American Samoa, Guam, and the Northern Mariana Islands.

IV. PLANS FOR FUTURE STUDIES

All of the international studies conducted by the Statistics of Income Division discussed above are presently planned to be done in the future as well. Figure N contains information relating to the studies being conducted between 1988 and 1993.

In addition to the studies described above, several other studies are planned for the period between 1988 and 1993. One new study relates to the transactions of foreign-owned corporations. Foreign-owned U.S. and foreign corporations with a trade or business within the United States must file a Form 5472, Information Return of a Foreign Owned Corporation, for each related party with which the foreign-owned corporation has transactions.[46] On the Form 5472, the filing corporation must provide information identifying the related party, and the amount and the nature of the transactions between the filing corporation and the related party. The first study, which is presently being conducted, includes Forms 5472 filed by selected corporations for 1988. This study will be conducted annually in the future.

Another new study deals with the information filed for the sales of U.S. real property interests by foreigners. In general, a ten percent withholding tax is imposed on the amount realized by a foreign person from the disposition of a U.S. real property interest.[47] The buyer (or other transferee) of a U.S. real property interest must withhold the amount of tax from the amount paid to the foreign seller of the property interest. The

buyer must file a Form 8288, U.S. Withholding Tax Return for Dispositions by Foreign Persons of U.S. Real Property Interests, to report the transaction and transmit the amount of tax withheld. A study of Forms 8288 filed for 1989 is presently being conducted. This study will be conducted annually in the future.

In addition to the new studies noted above, the Excluded Income from U.S. Possessions study may be conducted again in the future. A U.S. citizen who is a bona fide resident of certain U.S. possessions may exclude from gross income any income from the possession that is effectively connected with the conduct of a trade or business within the possession.[48] The eligible possessions include American Samoa, Guam, and the Northern Mariana Islands. Before this exclusion is available to residents of a possession, an implementing agreement between the United States and the possession must be concluded. To date, agreements with American Samoa and Guam have been concluded. This study will next be done when agreements are reached with all three eligible possessions.

NOTES AND REFERENCES

- [1] A citizen of the United States is any U.S. citizen regardless of where the individual resides. In addition, under section 877 of the Internal Revenue Code, a U.S. expatriate may be taxed as a U.S. citizen in certain cases. A resident of the United States is, in general, an individual who is a lawful permanent resident of the United States, or

who has been substantially present in the United States for the past three years. A domestic partnership or corporation is a partnership or corporation that is created or organized in the United States or under the laws of the United States or any State. A foreign trust or estate is a trust or estate whose non-effectively connected foreign-source income is not included in gross income under the provisions of Subtitle A of the Internal Revenue Code. See Code section 7701 for more information regarding the definition of U.S. and foreign person.

- [2] McDaniel, Paul R. and Ault, Hugh J., Introduction to United States International Taxation, Kluwer, 1977.
- [3] The foreign tax credit provisions are contained in Code sections 901-908 and 960. Foreign persons are generally allowed a credit for foreign income taxes paid on income effectively connected with the conduct of a trade or business within the United States.
- [4] See, for example, Edward H. Lieberman, "Whether and to what extent a foreign tax is creditable under final Regulations," The Journal of Taxation, February 1984, pp. 98-102.
- [5] A tax is an income tax in the U.S. sense if the tax is likely to reach net gains.
- [6] Section 904(d) interest income generally included passive interest income.
- [7] Passive income is income that is generally considered foreign personal holding company income or passive foreign investment income. However, passive income does not include any income that would be in any other basket (except the all other income basket), export financing interest, any income taxed at a rate greater than the highest U.S. tax rate, and any foreign oil and gas extraction income.
Financial services income is generally income derived in the active conduct of a banking, insurance, financing, or similar business. Financial services income does not include high withholding tax interest or export financing interest.
High withholding tax interest is any interest subject to a withholding tax of at least five percent, but not including any export financing interest.
Shipping income includes any income received by a person which would be foreign base company shipping income under Code section 954(f).

Dividends from a noncontrolled Section 902 corporation includes dividends from a foreign corporation of which the taxpayer owns between ten and fifty percent of the voting stock. The foreign tax credit limitation for dividends from a noncontrolled Section 902 corporation must be computed separately for each noncontrolled Section 902 corporation paying dividends to the domestic corporation.

- [8] Barlow, Mary, "Foreign Tax Credit by Industry, 1982," Statistics of Income Bulletin, Spring 1986, pp. 9-18.
- [9] In certain cases, a corporation's separate existence may be disregarded for tax purposes. For example, a subsidiary corporation's separate existence is disregarded if it files as part of a consolidated income tax return with its parent corporation under Code section 1504(a).
- [10] This is particularly true when the corporation is located in a relatively low tax country.
- [11] The Subpart F provisions are contained in Code sections 951-964. See, for example, Kaplan, Richard L., Federal Taxation of International Transactions, West Publishing Co., 1988, p. 216.
- [12] Insurance income includes any income from insuring risks located outside the CFC's country of incorporation that would be taxed under Subchapter L of the Internal Revenue Code if the CFC were a domestic insurance company.
Foreign base company income includes the following income:
(1) Foreign personal holding company income, which includes mostly passive investment income;
(2) Foreign base company sales income, which includes income from the sale of personal property produced outside the CFC's country of incorporation and sold for use outside the CFC's country of incorporation, where the property was purchased from or sold to (or on behalf of) a related party;
(3) Foreign base company services income, which includes certain income from the performance of services outside the CFC's country of incorporation for (or on behalf of) a related person;
(4) Foreign base company shipping income, which includes income connected with air or sea transportation between two countries, and, for tax years beginning after 1986, income connected with all space and ocean

activity; and

(5) Foreign base company oil related income which generally includes income related to the processing, transportation or distribution of oil and gas and their primary products.

- [13] The filing requirements are contained in Code section 6038.
- [14] U.S. Department of the Treasury, The Operation and Effect of Domestic International Sales Corporation Legislation, July 1, 1981 to June 30, 1983, February 1988 [hereinafter DISC Report].
- [15] The FSC provisions are contained in Code sections 921-927.
- [16] Foreign trading gross receipts are gross receipts from the sale or lease of export property for use outside the United States and from the performance of various services outside the United States.
- [17] Transfer pricing rules apply to sales to a FSC from a person described in Code section 482.
- [18] DISC Report, *op. cit.* note 14, at pp. 2-5.
- [19] The IC-DISC provisions are contained in Code sections 991-997.
- [20] The deemed distribution includes, among other items, taxable income of the IC-DISC attributable to qualified export receipts which exceed \$10 million.
- [21] U.S. Congress, Committee on Ways and Means, Report of the Committee on Ways and Means, U.S. House of Representatives, on H.R. 10612, Report No. 94-658, November 12, 1975, p. 255.
- [22] U.S. Department of the Treasury, The Operation and Effect of the Possessions Corporation System of Taxation, Sixth Report, March 1989.
- [23] The possessions corporations provisions are contained in Code section 936.
- [24] The eligible period is the three year period immediately preceding the close of the taxable year for which the credit is taken, or a lesser period, if appropriate.
- [25] For taxable years beginning before 1983, at least fifty percent of the corporation's gross income had to be from the active conduct of a trade or business in a U.S. possession. This requirement was raised to fifty-five percent for taxable years

beginning during 1983, sixty percent for taxable years beginning during 1984, sixty-five percent for taxable years beginning during 1985, and seventy-five percent for taxable years beginning after 1985. See Hartzok, Jeff, "U.S. Possessions Corporation Returns, 1983," Statistics of Income Bulletin, Spring 1988, Vol. 7, No. 2, p. 57.

- [26] Intangible property includes patents, inventions, copyrights, trademarks, licenses, and similar items, which have substantial value independent of the services of any individual.
- [27] An affiliated group is a possessions corporation and all other organizations, trades or businesses owned or controlled directly or indirectly by the same interests.
- [28] U.S. Department of the Treasury, The Operation and Effect of the International Boycotts Provisions of the Internal Revenue Code, Third Report, May 1982; Mose, Vergie, "Report on International Boycotts 1976-82: Focus On the Middle East," Statistics of Income Bulletin, Summer 1985, Vol. 5, No. 1, pp. 65-81.
- [29] The international boycotts provisions are contained in Code section 999.
- [30] Gene A. Knorr, "Foreign Earned Income - Policy Improved But Not Resolved," The Tax Executive, April 1979, reprinted in U.S. Senate, Committee on Finance, Subcommittee on Taxation and Debt Management Generally, Taxation of Foreign Earned Income, June 26, 1980, pp. 34-46.
- [31] U.S. Senate, Committee on Finance, Economic Recovery Tax Act of 1981, Report No. 97-144, July 6, 1981, pp. 34-36.
- [32] The provisions relating to these exclusions are contained in Code section 911.
- [33] Generally, an individual's tax home is the location of the individual's principal place of business or employment.
- [34] For 1987, the daily base housing amount was \$19.48.
- [35] See note 21 for definitions of these income types.
- [36] The grantor trust provisions are contained in Code sections 671-679.
- [37] A non-grantor trust is a trust that is not subject to the provisions of Code sections 671-679.

- [38] For additional information regarding the taxation of U.S. corporations, see Abrams, Howard E. and Doernberg, Richard L., Federal Corporate Taxation, Foundation Press, 1990.
- [39] The major provisions related to the taxation of foreign corporations are contained in Code sections 881-885.
- [40] These tax provisions are contained in Code sections 871, 881, 1441, and 1442.
- [41] Flaherty, Marilyn J., "Foreign Recipients of U.S. Income, and Tax Withheld, 1987," Statistics of Income Bulletin, Winter 1989-90, Vol. 9, No. 3, p. 42.
- [42] The provisions relating to the tax on the partnership income of foreign partners are contained in Code section 1446.
- [43] U.S. Congress, Joint Committee on Taxation, General Explanation of the Tax Reform Act of 1986, JSC-10-87, May 4, 1987, p. 1055. Code section 1446 was originally added to the Internal Revenue Code by the Tax Reform Act of 1986. The provisions were substantially modified by the Technical and Miscellaneous Revenue Act of 1988.
- [44] Since the withholding tax is imposed to ensure that the foreign partner's U.S. tax on effectively connected income is paid, a credit is allowed under Code section 33 for the tax withheld by the partnership.
- [45] The provisions related to the estate taxation of nonresident aliens are contained in Code sections 2101-2108.
- [46] This reporting requirement is imposed under Code sections 6038A and 6038C.
- [47] This tax is imposed under Code section 897.
- [48] The exclusion provisions are contained in Code section 931.

Section 2

Corporate Foreign Tax Credit

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The corporate foreign tax credit enables corporations to avoid being taxed twice on income earned in foreign countries. The United States taxes all income earned by U.S. corporations, whether the income is earned in the United States or abroad. The threat of double taxation arises when foreign income is also taxed by the country where it was earned. Beginning with the Revenue Act of 1918, the United States has allowed corporations to credit foreign income taxes paid or accrued against their U.S. income tax liability. Also, corporations are allowed to credit foreign taxes paid by foreign subsidiaries. A limitation is imposed on the foreign tax credit equal to what the U.S. tax would be on the foreign income. The papers presented in this section give a more detailed discussion of the foreign tax credit. These papers are listed above.

Section 15 of this compendium contains copies of the selected tax forms and instructions which provide the basis of the foreign tax credit data.

* Form 1120, U.S. Corporation Income Tax Return, and Instructions (p. 459)

* Form 1118, Computation of Foreign Tax Credit, Corporations, and Instructions (p. 444)

Corporate Foreign Tax Credit, by Industry, 1984

By Vergie Mose*

U.S. companies paid over \$23.3 billion to foreign governments in income taxes and reduced their U.S. income tax by \$21.4 billion for 1984 [1,2]. The foreign tax credit fluctuated from 1980-1985 like the sway of a pendulum (see Figure A) [3]. The credit began declining from \$24.9 billion for 1980, dropping to \$18.9 billion for 1982 (its lowest level), and then rising to \$24.3 billion for 1985 (nearly returning to the 1980 amount) [4]. The U-shaped pattern of the foreign tax credit reflects the changing levels of both foreign and domestic profits of U.S. companies between 1980 and 1985.

OVERVIEW

Using growth in taxable income as an indication of profits, economic recovery from 1982 to 1984 can be measured for both foreign and domestic business activities. Domestic-source taxable income of all U.S. companies can be estimated by subtracting the foreign-source taxable income reported by U.S. corporations claiming a foreign tax credit from the worldwide taxable income of all U.S. companies [5].

Foreign economic recovery of U.S. companies from 1982 to 1984 was only one-fifth as strong as their domestic recovery. Foreign-source taxable income rose by only 7 percent from 1982 to \$63.6 billion for 1984. Domestic-source taxable income rose by 34 percent from 1982 to \$195.9 billion for 1984.

Not until 1984 did the worldwide taxable income of U.S. corporations (\$259.5 billion) rise to a level above that for 1980 (\$246.6 billion). This rise was due to the \$19.8 billion increase in domestic-source taxable income, as foreign-source taxable income for 1984 remained \$6.9 billion below the 1980 income level. Growth in worldwide taxable income continued for 1985 to \$266.1 billion.

As worldwide taxable income increased, the total U.S. corporate tax liability (before credits) rose from \$87 billion for 1982 to over \$109 billion for 1984. For both years, 1.2 million corporations had a U.S. income tax obligation (before credits). Only 0.4 percent of those companies (4,841 for 1984) claimed a

Figure A.—Foreign Tax Credit Claimed and Percentage Change, by Selected Industry, 1980-1985

(All figures are estimates based on samples—money amounts are in millions of dollars)

Selected industry	1980	1981	1982	Percentage change 1980 to 1982	1983	1984	1985	Percentage change 1980 to 1985
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries.....	\$24,880	\$21,829	\$18,932	-23.9%	\$19,951	\$21,420	\$24,263	-2.5%
Agriculture, forestry and fishing.....	7	3	2	-74.6	3	12	57	665.2
Mining, total.....	1,964	1,959	1,611	-18.0	1,053	1,165	1,079	-45.1
Oil and gas extraction.....	1,822	1,901	1,589	-12.8	1,047	1,069	990	-45.7
Construction.....	151	108	175	16.1	119	86	145	-4.2
Manufacturing, total.....	19,192	17,737	14,776	-23.0	16,439	17,490	20,002	4.2
Chemicals and allied products.....	1,721	2,250	1,809	5.1	2,207	2,414	2,741	59.3
Petroleum (including integrated) and coal products.....	11,028	9,064	7,362	-33.2	8,725	8,496	10,137	-8.1
Machinery, except electrical.....	2,231	2,229	1,594	-31.6	2,209	2,259	3,028	29.9
Transportation and public utilities.....	462	228	255	-44.9	221	354	302	-34.7
Wholesale and retail trade.....	1,525	420	436	-71.4	309	482	613	-59.8
Finance, insurance, and real estate, total.....	1,397	1,190	1,458	4.4	1,682	1,627	1,777	27.2
Banking.....	1,061	936	1,173	10.6	1,246	1,340	1,313	23.7
Services.....	181	183	220	21.4	123	203	286	58.0

Note: 1980, 1982, and 1984 data are based on the SOI Corporation Foreign Tax Credit Study; 1981, 1983, and 1985 data are based on the annual SOI Corporation Income Tax Return Study.

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief

U.S. tax credit for taxes paid to foreign countries. The foreign tax credit reduced the total 1984 U.S. corporate income tax by 20 percent to \$87 billion, the smallest percentage reduction during the 1980-1985 period. The largest percentage reduction of the total U.S. corporate income tax during this period occurred for 1980, a 24-percent reduction.

Throughout the first half of the 1980's (and earlier years as well) corporations primarily engaged in manufacturing activities claimed over 75 percent of the total foreign tax credit, reaching a high of 82 percent from 1983 through 1985. The predominance of manufacturing reflected the activities of integrated petroleum companies. The business activities of these companies included the extracting, refining, and marketing of oil products.

Of the 4,841 U.S. corporation income tax returns with a foreign tax credit for 1984, only 25 returns showed integrated petroleum activities as their primary business. However, these 25 companies claimed \$8.5 billion of foreign tax credit or 40 percent of the total credit. The foreign tax credit of these companies reduced the total U.S. income tax of all integrated petroleum companies by two-thirds, from \$12.8 billion to \$4.3 billion.

FOREIGN TAX CREDIT: A GLOBAL VIEW OF TAXATION

U.S. corporations are subject to U.S. tax on their worldwide income. Income earned by these companies in a foreign country is generally taxed by the foreign country as well as by the United States and could result in double taxation. To alleviate this, U.S. tax law has allowed corporations a credit since 1918 to reduce U.S. income tax for the income taxes paid to foreign countries.

Changes in the foreign tax credit provisions of U.S. tax law often parallel the development of U.S. business activities in the interdependent global economy [6]. When modern U.S. income taxation began in 1913, some U.S. corporations had operations in countries where income tax rates exceeded the U.S. tax rate. Because the foreign taxes exceeded what the U.S. taxes would have been, corporations were able to use the excess foreign taxes to reduce their U.S. tax on both foreign-source and domestic-source income by claiming a foreign tax credit. This situation was possible because there had been limitation on the credit: foreign income taxes paid

could reduce the U.S. income tax on a dollar-for-dollar basis.

Responding to this issue, the Revenue Act of 1921 placed a limitation on the foreign tax credit, which remains in effect today. The limitation restricted the credit for foreign income taxes to the lesser of (1) the U.S. tax on foreign-source taxable income, or (2) the actual foreign income taxes paid. Thus, the credit cannot exceed that percentage of U.S. income tax represented by the ratio of foreign-source taxable income to worldwide taxable income. If a corporation has an overall foreign loss, then the limitation is zero (no credit). In the case of a worldwide loss, the corporation has no U.S. income tax against which to claim a credit.

As international business activities became more varied, so, too, did the methods of restricting the foreign tax credit. The methods acted as a means of adjusting for global variation in income tax rates as well as variation in international business practices. For example, interest from certain foreign investments was taxed at either very low rates or not at all in some countries. Other types of foreign income, however, were often taxed at rates higher than the U.S. rate. By combining the "passive" foreign interest income (and lower foreign taxes paid) with other types of foreign income (on which the tax was higher), more of the foreign taxes that exceeded the U.S. tax rate could be credited against the U.S. income tax because the limitation was increased by the interest income. The different types of income could be generated in countries with different tax rates, or within one country which had various tax rates for different types of income.

The U.S. Congress responded by establishing separate limitations on the foreign tax credit based on several different categories of foreign income. The separate categories of income limited the foreign taxes to the specific income category to which they were related. For 1984, the separate limitations on the foreign tax credit were computed for (1) "passive foreign interest income," as defined in section 904(d) of the Internal Revenue Code; (2) dividends from a Domestic International Sales Corporation (DISC) or former DISC; and (3) all other income from foreign sources [7].

The former separate limitation for "foreign oil-related income" was discontinued for tax years after 1982. However, the separate limitation on foreign

taxes paid on foreign oil and gas extraction income was still required. Under this limitation, foreign taxes paid on foreign oil and gas extraction income in excess of the U.S. tax on such income were excluded from the "current-year foreign taxes" (see the "Definitions" section of this article) for computing the foreign tax credit.

Carryover provisions for foreign taxes applied to the separate limitations of the foreign tax credit. Any foreign taxes paid, accrued, or deemed paid, in excess of a current-year separate limitation could be carried back 2 years, then forward 5 years [8]. The total taxes under each separate limitation ("total foreign taxes available for credit before reduction," in the statistics) included current-year foreign taxes plus taxes that were carried forward from prior years.

The total foreign tax credit for 1984 was the sum of the amounts computed using the three separate limitations (previously noted). In some instances, the total credit was reduced for participation in, or for cooperation with, international boycotts [9].

To claim a foreign tax credit, a U.S. corporation must have foreign-source taxable income, pay foreign income tax on the foreign income, and have a U.S. income tax liability. Only certain taxes are creditable. These include income taxes imposed by U.S. possessions or the national government of a foreign country, as well as its cities, states, and other subdivisions. Corporations can deduct all foreign income taxes in lieu of claiming a foreign tax credit. However, most corporations obtain a greater tax benefit by electing to credit these taxes against U.S. income tax [10]. Taxes such as excise, franchise, sales, and certain other taxes, do not qualify as creditable foreign taxes, but can be deducted in calculating worldwide taxable income, even when the foreign tax credit was elected for foreign income taxes.

CHANGES IN THE LAW

The data for Income Year 1984 reflect certain changes in the foreign tax credit provisions of U.S. tax law. The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) was effective for tax years beginning after December 31, 1982, while the Tax Reform Act of 1984 affected foreign tax credit transactions made after July 17, 1984. The changes under these tax acts affected: (1) foreign oil-related and oil and gas extraction income and taxes (by TEFRA), and (2)

passive foreign income and taxes from interest and dividends, including certain passive income from foreign sources reclassified as domestic-source income (by the 1984 Act).

Foreign Oil-Related Income Prior to the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)

Prior to TEFRA, the "foreign oil-related income" category included income from both the extraction of foreign oil and gas and from other oil-related activities. Other oil-related activities included processing, transporting, and distributing extracted minerals from foreign oil and gas wells. For tax years beginning after December 31, 1982, "foreign oil-related income" was included in a general limitation category, rather than having a separate limitation of its own.

The credit for foreign taxes on oil and gas extraction income was limited to the U.S. tax on foreign oil-related income. For this purpose, the extraction taxable income arising in one foreign country was not offset by any "net operating losses" arising in other foreign countries.

There were carryover provisions for the excess taxes paid on foreign oil and gas extraction income. The excess taxes could be carried back 2 years then carried forward 5 years. The carryover of the excess taxes was limited to 2 percent of the foreign oil and gas extraction taxable income for the current year.

Changes to the Foreign Tax Credit Under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) eliminated the separate limitation on the foreign tax credit for "foreign oil-related income," effective with taxable years beginning after December 31, 1982. After 1982, to compute the separate limitation on the foreign tax credit for "all other foreign income," the current-year foreign taxes were first reduced by the amount of foreign taxes paid on oil and gas extraction income that exceeded the U.S. tax on such income. However, the oil and gas extraction taxable income first had to be reduced by net operating losses arising in other foreign countries before computing the U.S. tax. In addition, TEFRA eliminated the 2-percent limitation on the carryover of oil and gas extraction taxes.

The 1982 Act also introduced provisions to limit the foreign taxes paid on oil-related income other than oil and gas extraction income in certain cases. There was concern that some foreign countries might avoid the limitation by shifting their higher tax rates from extraction income to income from nonextraction oil-related activities. As a result, foreign taxes paid on oil-related income (redefined as non-extraction income) were reduced to the amount of tax that the foreign country would impose on income that was neither foreign oil and gas extraction income nor foreign oil-related income, with any excess treated as a deductible business expense.

Passive Foreign Interest and Dividend Income Under the Tax Reform Act of 1984

The Tax Reform Act of 1984 introduced new provisions relating to foreign interest and dividend income. The new provisions generally applied to interest and certain dividends paid or accrued after July 17, 1984. Certain foreign dividend income was combined with passive foreign interest income to compute a separate limitation on the foreign tax credit. Prior to the Act, this category of passive foreign income was limited to interest income.

In addition, certain interest and dividend income, formerly treated as foreign income, that was received or, in some instances, deemed received, by a U.S. shareholder was reclassified as U.S.-sourced income. When 10 percent or more of the earnings and profits of a U.S.-owned foreign corporation was from a U.S. source, a portion of the interest and dividend income received by the U.S. shareholder was reclassified as U.S. source income. Consequently, the ratio of foreign-source income to worldwide income was reduced and, thus, reduced the limitation of the foreign tax credit as well. The same rules applied to interest and dividends deemed received from subsidiaries of U.S.-owned foreign parent corporations.

FOREIGN INCOME, TAXES, AND CREDIT BY INDUSTRY

Manufacturing companies increased their foreign tax credit from \$14.8 billion for 1982 to \$17.5 billion for 1984. (By 1985, these companies had increased their foreign tax credit to \$20 billion.) By comparison, the foreign tax credit for all other industries combined decreased by \$227 million from 1982 to 1984.

The foreign tax credit claimed by banks steadily increased between 1982 and 1984, from nearly \$1.2

billion to over \$1.3 billion, a 14 percent increase. Banks had also increased the credit they claimed, by 10 percent, between 1980 and 1982. The foreign tax credit for most other industries declined during this earlier time period.

Dominance of the Petroleum Industry

Companies in the petroleum industry demonstrate the influence that a small subgroup can have on an entire population. During the 1980-1985 period, only 1 percent of all U.S. corporations were classified in the petroleum industry (oil and gas extraction operations as well as integrated petroleum activities, which were a combination of extracting, refining and marketing). However, this small group accounted for over 10 percent of the worldwide taxable income and income tax (before credits) of all U.S. corporations.

The significance of petroleum companies to the population of U.S. corporations that claimed a foreign tax credit is shown in Figure B. Note that for 1984, only 147 petroleum companies (3 percent of the total for all industries) claimed 45 percent of the total foreign tax credit. They also accounted for 34 percent of the total foreign-source taxable income, and paid \$11.3 billion in foreign taxes (49 percent of the total). U.S. companies paid \$1.9 billion more in foreign taxes for 1984 than they could use as a credit against their U.S. income tax. Of that excess, petroleum companies accounted for \$1.7 billion.

Figure B.—Returns with a Foreign Tax Credit: Petroleum Industry Compared to All Industries, 1984

(All figures are estimates based on samples-money amounts are in thousands of dollars)

Selected items	All industries	Petroleum industry	Percentage of all industries
	(1)	(2)	(3)
Number of returns	4,841	147	3.0%
Total assets	\$4,339,759,746	\$532,758,080	12.3
Total non-branch foreign gross income	65,453,725	27,308,413	32.0
Total non-branch foreign deductions	38,766,636	12,298,672	31.7
Foreign branch income and specially allocable income (section 863(b))	16,900,886	6,666,277	39.6
Total foreign-source taxable income	63,587,976	21,696,018	34.1
Current-year foreign taxes	23,327,908	11,306,452	48.5
Income subject to U.S. tax	133,135,963	29,551,997	22.2
U.S. income tax before credits	59,593,157	13,454,329	22.6
Foreign tax credit	21,419,643	9,565,171	44.7

¹ Includes integrated petroleum companies (extracting, refining, and marketing) and oil and gas extraction companies.

The 147 petroleum companies also exemplify the effect that foreign activities can have on U.S. income tax data. For example, the 1984 U.S. income tax before credits for all 33,590 petroleum companies (including those with no foreign tax credit) was \$14.8

billion, nearly 14 percent of the U.S. total. As shown in Figure C, by reducing the U.S. corporate income tax before credits by the foreign tax credit, the petroleum industry accounted for less than 6 percent of the total remaining corporate income tax (before reduction by other credits).

Figure C.—All Corporation Returns: Petroleum Industry Compared to All Industries, U.S. Income Tax and Foreign Tax Credit, 1984

(All figures are estimates based on samples-money amounts are in billions of dollars)

Tax and credit	All industries	Petroleum industry	Percentage of all industries
	(1)	(2)	(3)
U.S. income tax before credits	\$109.1	\$14.8	13.6%
Foreign tax credit	21.4	9.6	44.9
U.S. income tax after foreign tax credit	87.7	5.2	5.9

¹ Includes integrated petroleum companies (extracting, refining, and marketing) as well as oil and gas extraction companies.

Underlying the effect on U.S. tax liabilities from the foreign tax credit is the relationship of foreign-source taxable income to worldwide taxable income. Figure D shows that foreign-source taxable income made up two-thirds of the \$32.6 billion of worldwide taxable income of all U.S. petroleum companies for 1984. After reducing worldwide taxable income by the foreign-source taxable income, petroleum companies accounted for less than 6 percent of the remaining, domestic-source, taxable income. By comparison, based on their worldwide activities, the \$32.6 billion reported by these companies accounted for nearly 13-percent of the total income subject to U.S. tax.

Figure D.—All Corporation Returns: Petroleum Industry Compared to All Industries, Worldwide Taxable Income, 1984

(All figures are estimates based on samples-money amounts are in billions of dollars)

Income	All industries	Petroleum industry	Percentage of all industries
	(1)	(2)	(3)
Worldwide taxable income	\$259.5	\$32.6	12.6%
Foreign-source taxable income	63.6	21.7	34.1
Domestic-source taxable income	195.9	10.9	5.6

¹ Includes integrated petroleum companies (extracting, refining, and marketing) as well as oil and gas extraction companies.
Note: Worldwide taxable income is "income subject to U.S. tax" for all U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.

Worldwide Taxable Income

As seen in the petroleum industry, the taxable income earned abroad can have a significant impact on U.S. tax liabilities. As shown in Figure E, 25

Figure E.—All Corporation Returns: Foreign-Source Taxable Income as a Percentage of Worldwide Taxable Income, 1980, 1982, and 1984

(All figures are estimates based on samples-money amounts are in billions of dollars)

Income	1980	1982	1984
	(1)	(2)	(3)
All U.S. corporations:			
Worldwide taxable income	\$246.6	\$205.2	\$259.5
Foreign-source taxable income	70.5	59.5	63.6
Domestic-source taxable income	176.1	145.7	195.9
Foreign-source taxable income as a percentage of worldwide taxable income	29%	29%	25%
U.S. corporations claiming a foreign tax credit:			
Worldwide taxable income	\$138.6	\$107.2	\$133.1
Foreign-source taxable income	70.5	59.5	63.6
Domestic-source taxable income	68.1	47.7	69.5
Foreign-source taxable income as a percentage of worldwide taxable income	51%	56%	48%

Note: Worldwide taxable income is "income subject to U.S. tax" for all U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit.

percent of the worldwide taxable income of U.S. corporations for 1984 was from foreign sources. As would be expected, for corporations that claimed a foreign tax credit, the proportion of foreign-source taxable income to worldwide taxable income (48 percent) was much greater than for all corporations. For 1984, the ratio was nearly double.

Worldwide taxable income for all industries rose by 26 percent from 1982 to \$259.5 billion for 1984. The unequal growth in foreign-source (7 percent increase) and domestic-source (34 percent increase) taxable income between 1982 and 1984 resulted in a smaller proportion of foreign-source taxable income to worldwide taxable income (29 percent decreased to 25 percent). That growth contrasted with the nearly equal decline in both foreign and domestic income between 1980 and 1982, when the proportion of foreign-source taxable income to worldwide taxable income was unchanged at 29 percent for both years.

Foreign-source taxable income decreased between 1982 and 1984 for five of the eight industrial divisions, including: mining; finance, insurance, and real estate; construction; wholesale and retail trade; and services. Mining companies earned more than half (55 percent) of their worldwide taxable income from foreign sources for both 1982 and 1984. The percentage decline in foreign-source taxable income between 1982 and 1984 was nearly equal to the decline in domestic-source taxable income for these companies. From 1980 to 1982, on the other hand, the percentage decline in domestic-source taxable income was nearly double that for foreign-source taxable income. This decline in both domestic-source and foreign-source taxable income that oc-

curred in the mining industry between 1980 and 1984 was attributable to companies in the oil and gas extraction industry, as shown in Figure F.

Figure F.—Selected Mining Industries: Worldwide, Foreign-Source, and Domestic-Source Taxable Income, 1980, 1982, and 1984

[All figures are estimates based on samples—money amounts are in millions of dollars]

Selected industry and income	1980	1982	1984
(1)	(2)	(3)	
Mining, total:			
Worldwide taxable income	\$9,074	\$7,320	\$5,167
Foreign-source taxable income	4,656	4,041	2,818
Domestic-source taxable income	4,418	3,278	2,349
Oil and gas extraction:			
Worldwide taxable income	7,479	6,705	4,310
Foreign-source taxable income	4,284	3,989	2,565
Domestic-source taxable income	3,196	2,716	1,745

Notes: Worldwide taxable income is "income subject to U.S. tax" for U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit. Detail may not add to totals because of rounding.

Manufacturers accounted for more than half of the total \$54.3 billion increase in worldwide taxable income from 1982 to 1984. The worldwide taxable income of manufacturing companies increased by 31 percent from \$102.2 billion to \$133.9 billion. While this increase reflected profits from both foreign and domestic activities, domestic-source taxable income grew 2.5 times faster than foreign-source taxable income (41 percent compared to 16 percent).

For 1984, manufacturing companies generated 34 percent of their worldwide taxable income from foreign sources, down from 1982, when 39 percent of their worldwide taxable income was from foreign sources. This contrasts with a 36 percent figure for 1980.

The increases between 1982 and 1984 in both foreign-source and domestic-source taxable income for manufacturers, however, do not reveal the underlying variation in economic activity of the different segments of this industrial division, as shown in Figure G. The foreign-source taxable income of all manufacturing companies increased by \$6.2 billion between 1982 and 1984. Of that amount, 42 percent was attributed to integrated petroleum companies. However, this was accompanied by a continued decline in the domestic-source taxable income for these same petroleum companies, which dropped from \$21.8 billion for 1980 to \$12.1 and \$9.1 billion for 1982 and 1984, respectively. This decline was accompanied by a decline in the domestic capital spending of these companies, which for 1984 was in

sharp contrast to increases in domestic capital spending reported by other manufacturers of non-durable goods [11].

Figure G.—Selected Manufacturing Industries: Worldwide, Foreign-Source, and Domestic-Source Taxable Income, 1980, 1982, and 1984

[All figures are estimates based on samples—money amounts are in millions of dollars]

Selected industry and income	1980	1982	1984
(1)	(2)	(3)	
Manufacturing, total:			
Worldwide taxable income	\$134,844	\$102,156	\$133,910
Foreign-source taxable income	47,993	39,359	45,583
Domestic-source taxable income	86,851	62,798	88,328
Petroleum (including integrated) and coal products:			
Worldwide taxable income	46,192	28,588	28,279
Foreign-source taxable income	24,363	16,514	19,131
Domestic-source taxable income	21,829	12,074	9,147
All other manufacturing (nonpetroleum products), total:			
Worldwide taxable income	88,652	73,570	105,632
Foreign-source taxable income	23,630	22,845	26,451
Domestic-source taxable income	65,021	50,725	79,181
Chemicals and allied products:			
Worldwide taxable income	13,241	12,522	16,393
Foreign-source taxable income	4,575	4,740	6,294
Domestic-source taxable income	8,666	7,781	10,098
Machinery, except electrical:			
Worldwide taxable income	14,330	10,881	13,330
Foreign-source taxable income	5,819	5,194	6,867
Domestic-source taxable income	8,511	5,687	6,464
Motor vehicles and equipment:			
Worldwide taxable income	2,215	2,857	9,957
Foreign-source taxable income	1,244	2,212	2,503
Domestic-source taxable income	972	645	7,454
Electrical and electronic equipment:			
Worldwide taxable income	8,717	8,046	11,472
Foreign-source taxable income	2,377	3,182	2,503
Domestic-source taxable income	6,340	4,864	8,969
Food and kindred products:			
Worldwide taxable income	10,267	9,162	9,501
Foreign-source taxable income	1,703	2,014	1,784
Domestic-source taxable income	8,565	7,148	7,718

Notes: Worldwide taxable income is "income subject to U.S. tax" for U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit. Detail may not add to totals because of rounding.

The economic recovery between 1982 and 1984 in domestic-source taxable income for all other U.S. manufacturers was led by manufacturers of motor vehicles and equipment and electrical and electronic equipment. These two industries alone accounted for 43 percent of the \$25.5 billion overall increase from 1982 to 1984 in domestic-source taxable income of all manufacturing companies.

Nearly one-half of the foreign-source taxable income of manufacturers of nonpetroleum products was attributed to manufacturers of chemicals and allied products and of non-electrical machinery. The five groups shown in Figure G accounted for three-fourths of the total foreign-source taxable income of nonpetroleum manufacturers (\$26.5 billion). These five groups comprised only one-half of the \$79.2 billion of domestic-source taxable income, for 1984.

For finance, insurance, and real estate companies, taxable income from foreign activities was stable for 1980, 1982 and 1984, as compared to their earnings from domestic activities. The foreign-source taxable income of these companies was less than half (46 percent) of their worldwide taxable income for 1984, compared to 61 percent for 1982. This percentage shift reflects the sharp rise for 1984 in their domestic-source taxable income.

For 1984, banks accounted for 85 percent of the \$11.5 billion of foreign-source taxable income of the entire finance, insurance, and real estate industrial division, as shown in Figure H. Foreign-source taxable income of banks alone was \$9.8 billion. However, this amount was nearly \$1 billion less than that for 1982. A slowdown in foreign lending in 1984 contrasted with strong growth in domestic bank lending [12]. Throughout the 1980-1984 period, banks as a group reported domestic-source deficits on their U.S. income tax returns. However, the deficits they reported for 1984 dropped below \$500 million. For 1982, the deficits totaled \$4.4 billion [13].

Figure H.—Selected Finance, Insurance, and Real Estate Companies: Worldwide, Foreign-Source, and Domestic-Source Taxable Income, 1980, 1982, and 1984

[All figures are estimates based on samples—money amounts are in millions of dollars]

Selected industry and income	1980	1982	1984
(1)	(2)	(3)	
Finance, insurance, and real estate, total:			
Worldwide taxable income	\$24,320	\$19,973	\$25,208
Foreign-source taxable income	11,400	12,138	11,504
Domestic-source taxable income	12,920	7,835	13,704
Banking:			
Worldwide taxable income	7,087	6,351	9,338
Foreign-source taxable income	9,888	10,766	9,831
Domestic-source taxable income	-2,800	-4,415	-493

Notes: Worldwide taxable income is "income subject to U.S. tax" for U.S. corporations with and without a foreign tax credit. Foreign-source taxable income is income earned outside the United States by corporations which claimed a foreign tax credit. Detail may not add to totals because of rounding.

Foreign Taxes

U.S. companies claiming a foreign tax credit paid \$23.3 billion in current-year foreign taxes for 1984. The relatively modest \$533 million increase from 1982 to 1984 in current-year foreign taxes may be compared with the \$7.2 billion decrease from 1980 to 1982. Inasmuch as manufacturing companies accounted for most of the increase in foreign-source taxable income between 1982 and 1984, they also accounted for most of the increase in current-year foreign taxes.

If effective foreign tax rates were the same as the U.S. rate, it would follow that the ratio of foreign-

source taxable income to worldwide taxable income should approximate the ratio of current-year foreign taxes to U.S. income tax after credits (excluding the foreign tax credit). Figure I suggests that for all corporations foreign tax liabilities were slightly higher than the U.S. tax, since the foreign tax ratio (27.2 percent) is higher than the foreign income ratio (24.5 percent) [14]. However, there were variations by industry.

For the finance, insurance, and real estate industrial division, foreign-source taxable income was nearly half of the worldwide taxable income (45.6 percent), while foreign taxes were only one-fifth as great as the U.S. income tax after credits (excluding the foreign tax credit). Low foreign withholding tax rates on banking income (primarily interest) were responsible for this low effective foreign tax rate.

On the other hand, while over one-half of the taxable income generated by the mining industrial division was from foreign sources, foreign taxes were 70 percent of the U.S. income tax after credits (excluding the foreign tax credit). The relatively large amount of foreign taxes reported by mining companies was due to the high tax rates associated with oil and gas extraction income.

Manufacturing also had a large amount of foreign taxes, comprising over 39 percent of the U.S. income tax on worldwide taxable income, even though only 34 percent of that income was from foreign sources.

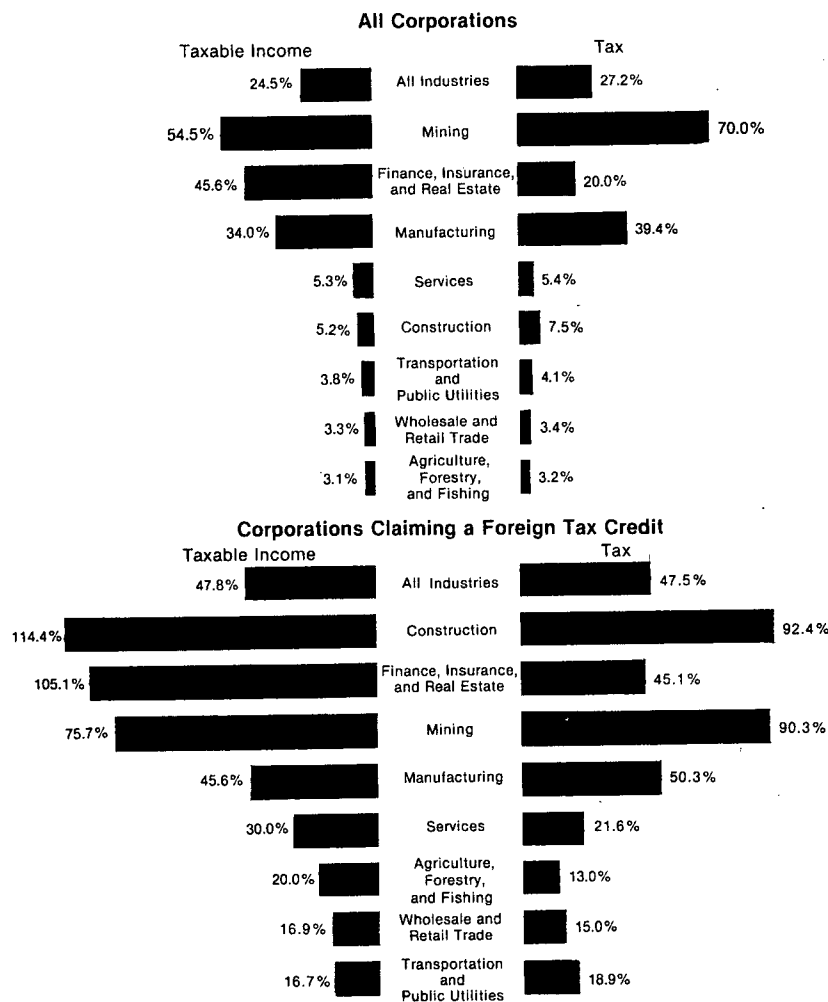
CORPORATE STRUCTURES AND FOREIGN BUSINESS ACTIVITY

U.S. corporations with foreign business activities can operate abroad using a variety of business structures or methods. In some cases, foreign countries require the use of certain organizational structures. The types of structures or methods include:

- unincorporated foreign branches — income is reported as branch taxable income;
- controlled foreign corporations [15] — income is reported as dividends and "dividend gross-up" (see the "Definitions" section of this article); and
- direct transactions with a foreign corporation (whether controlled or not) or with unrelated

Figure I.

Foreign-Source Taxable Income and Current-Year Foreign Taxes as Percentages of Worldwide Taxable Income and U.S. Income Tax after Credits (Except the Foreign Tax Credit), by Industrial Division, 1984



Note: These percentages are estimates as a small amount of foreign income and tax data are not included in these statistics (see the "Data Sources and Limitations" section of this article).

entities -- income is reported as gross income, including interest, rents, royalties, and services income.

The components of foreign branch income (gross income and deductions) are not generally included in the statistics because corporations are not required to report them. However, the taxable income and taxes of foreign branches of U.S. corporations are included in the statistics and are separately discussed later in the "Foreign Branch Taxable Income" section of this article. The following section contains a discussion of the gross income (less loss) and taxes of controlled foreign corporations and from U.S. direct transactions abroad.

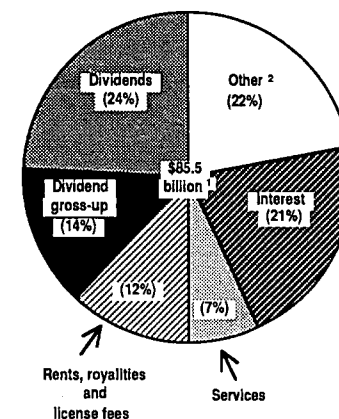
Foreign Gross Income and Taxes: Controlled Foreign Corporations and U.S. Direct Transactions Abroad

The increase in profits of foreign corporations for 1982 and 1984 was reflected in the \$4.8 billion (17 percent) increase in dividends (including the dividend gross-up) for 1984. A comparison of the components of foreign gross income (less loss) for 1984 and 1982 revealed that dividends and interest reversed positions as the leading sources of income from controlled foreign corporations and U.S. direct transactions abroad. As shown in Figure J for 1984, dividends were the most common type of foreign gross income; for 1982, interest had captured that position. The decline in interest income was primarily due to banks. While foreign-source interest of U.S. banks rose to \$16.6 billion for 1982, by 1984, that interest had fallen by 22 percent to \$12.9 billion. U.S. corporations other than banks experienced a 19-percent decline in foreign interest income for 1984 as well, from \$5.9 billion to \$4.8 billion.

Corporations engaged primarily in manufacturing and trade seemed more likely than corporations in other industries to operate through foreign subsidiaries, rather than through direct transactions. This tendency is best shown in Figure K by the high percentage of dividends (including the dividend gross-up) these industries received from foreign subsidiaries (53 percent and 48 percent of gross income, respectively). This is probably due to the foreign presence required of these companies to operate in certain foreign countries. Unlike corporations in these two industrial divisions, finance, insurance, and real estate companies seldom operated abroad through subsidiaries. These cor-

Figure J

Corporations Claiming a Foreign Tax Credit: Foreign Gross Income (Less Loss), Excluding Branch Income, by Incoming Type, 1984



¹Excludes branch income and specially allocable income. See the "Definitions" section, at the end of this article.

²Includes non-branch business receipts from sales, as well as net capital gains and partnership net income.

porations thus received only 7 percent of their foreign-source gross income as dividends (including the dividend gross-up). Income received through foreign subsidiaries was even less significant to corporations primarily engaged in agriculture, forestry, and fishing. Dividends and dividend gross-up accounted for only 2 percent of their foreign-source gross income.

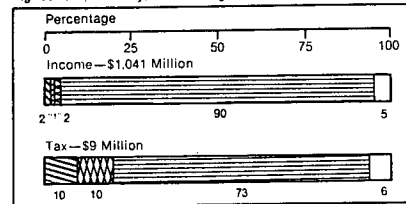
For 1984, U.S. corporations paid or accrued \$6.2 billion in foreign taxes on \$85.5 billion of "gross income," excluding branch and specially allocable income (see Figure J). These represented 2 percent and 18 percent decreases in income and taxes, respectively, compared to 1982.

Taxes withheld at the source on dividends and rents, royalties, and license fees amounted to \$2.5 billion for 1984, and accounted for 40 percent of the

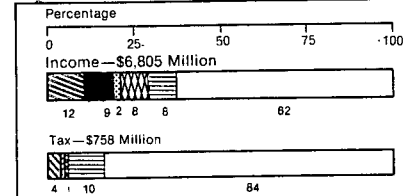
Figure K.

Corporations Claiming a Foreign Tax Credit: Foreign Gross Income (Less Loss), and Foreign Taxes, by Income Type and Industrial Division, 1984

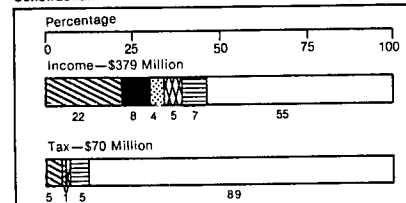
Agriculture, Forestry, and Fishing



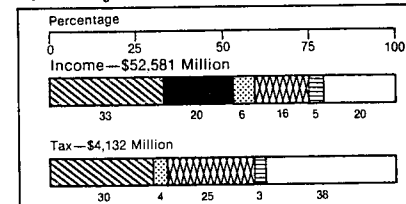
Mining



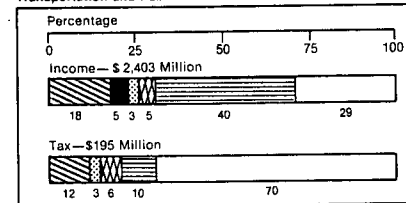
Construction



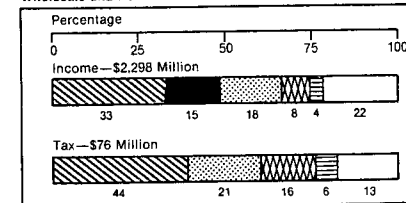
Manufacturing



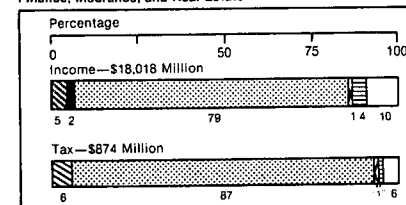
Transportation and Public Utilities



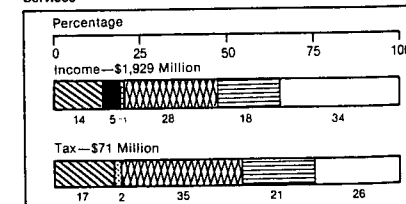
Wholesale and Retail Trade



Finance, Insurance, and Real Estate



Services



✓Excludes branch and specially allocable income. See the "Definitions" section of this article.

NOTE: Detail may not add to totals due to rounding.

total foreign taxes paid or accrued on gross income, excluding branch operations and specially allocable income. Manufacturers alone reported nearly all (91 percent) of the tax withheld.

Foreign tax withheld at the source on interest income accounted for 16 percent of the total foreign taxes paid or accrued on gross income other than from foreign branches and specially allocable income. By comparison, 21 percent of the total gross income was interest. The difference between these percentages reflects the low withholding rates associated with interest income, due especially to the fact that U.S. tax treaties with certain foreign countries required a zero withholding tax rate on this income. Almost three-fourths of the foreign tax withheld on interest income (from other than foreign branches) was reported by U.S. banks.

Taxes paid or accrued on "other" income accounted for nearly 40 percent of the total foreign taxes associated with the non-branch foreign gross income shown in Figure J. In contrast, this "other" income was only 22 percent of total gross income. Most of this income category was non-branch business receipts, generally from sales. However, income from foreign partnerships and net capital gains were also included in "other" income. More than 82 percent of the \$2.5 billion in taxes paid or accrued on "other" foreign gross income, and over 62 percent of the \$18.9 billion of that income were attributable to corporations in the petroleum industry.

The distribution of foreign non-branch gross income by type varied considerably by industrial division, as shown in Figure K. The distribution of income and taxes of manufacturers was similar to the distribution of income and taxes for all industries; these corporations comprised over half of both total gross income and total taxes. While wholesale and retail trade followed the overall pattern for income, 44 percent of the taxes represented amounts withheld on dividends while only 13 percent was paid on "other" income. The other industry groups deviated substantially from the overall distribution by type of income. Finance, insurance, and real estate companies, for example, received large amounts of interest income. For companies primarily engaged in agriculture, forestry, and fishing, services income was predominant.

Foreign Branch Taxable Income

As an alternative to incorporating in foreign countries, many U.S. companies establish unincor-

porated foreign branches to conduct business abroad. Income from these branches represented nearly one-fourth of total foreign-source taxable income for 1984, as shown in Figure L. Foreign branch taxable income remained stable for 1984 at \$14.5 billion, compared to 1982. In contrast, taxable income from foreign branches declined by \$7.3 billion between 1980 and 1982, due mainly to the integrated petroleum industry.

Figure L.—Returns with a Foreign Tax Credit: Foreign Branch Taxable Income as a Percentage of Total Foreign-Source Taxable Income, by Selected Industry, 1984

[All figures are estimates based on samples—money amounts are in millions of dollars]

Selected industry	Total foreign-source taxable income	Foreign branch taxable income	Percentage
(1)	(2)	(3)	
All industries, total	\$63,588	\$14,541	22.9%
Agriculture, forestry, and fishing	50	1	1.3
Mining	2,818	328	11.7
Construction	295	5	1.7
Manufacturing, total	45,582	7,779	17.1
Petroleum (including integrated)			
and coal products	19,131	6,382	33.4
Transportation and public utilities	1,308	165	12.6
Wholesale and retail trade	1,320	17	1.3
Finance, insurance, and real estate, total	11,504	6,202	53.9
Banking	9,831	5,991	60.9
Services	711	46	6.4

Note: Detail may not add to totals because of rounding.

Nearly all of the total foreign branch taxable income for 1984 and 1982 was attributable to the manufacturing and finance, insurance, and real estate industrial divisions. While for 1984, over half (53 percent) of this income was attributable to manufacturing, for 1982, this industrial division accounted for less than half (45 percent) of the total. This change reflected the increased profits of the integrated petroleum industry, whose foreign branch taxable income rose by 28 percent from 1982 to 1984. For both years, this industry largely (82 percent) accounted for the total foreign branch taxable income of U.S. manufacturers.

For 1984, one-third of the total foreign-source taxable income of integrated petroleum companies was earned through foreign branches. The components of foreign branch taxable income (gross income and deductions) are not generally included in the aggregate statistics. However, the gross income and deduction statistics for foreign oil and gas extraction activities, presented separately in Tables 1 and 4, include amounts earned through foreign branches as well as through controlled foreign corporations and direct transactions abroad. Unfortunately, the exact amount of gross income and deductions related to the extraction activities of

foreign branches can not be determined from the aggregate statistics.

As a contrast to manufacturers, the foreign branch taxable income of finance, insurance, and real estate companies decreased by 16 percent between 1982 and 1984. Financial corporations accounted for less than half of total foreign branch taxable income (43 percent) for 1984, while they comprised 51 percent for 1982. However, companies in the finance, insurance, and real estate industrial division as a whole relied more on branch operations than did manufacturing companies. Fifty-four and 61 percent of the total foreign-source taxable income of these companies was earned through foreign branches for 1984 and 1982, respectively. By comparison, for the manufacturing division, branch income was only 17 percent of total foreign-source taxable income for both years.

Figure L shows that U.S. banks, in particular, had a strong preference to conduct business in foreign countries through branch operations. Historically, U.S. banks have made foreign loans through their foreign branches rather than by establishing foreign banking subsidiaries. During the early part of 1984, U.S. banks also used their foreign branches as part of an effort to establish large credit lines for possible mergers [16].

SUMMARY

Between 1982 and 1984, the foreign tax credit claimed by U.S. corporations rose by \$2.5 billion, an increase of 13 percent. Likewise, the increases in worldwide taxable income, foreign-source taxable income, and U.S. income tax before credits over these 2 years contrasted sharply with the economic downturn between 1980 and 1982. The increases in foreign income and taxes for 1984 primarily reflected a strong foreign recovery made by manufacturing companies in the petroleum industry. While the petroleum industry experienced a strong foreign recovery for 1984, many other industries experienced a stronger domestic recovery, with decreases in foreign-source taxable income and taxes.

Dividends (including the dividend gross-up) from foreign subsidiaries emerged as the largest component of total foreign non-branch gross income in 1984, accounting for 39 percent of the total \$85.5 billion. Between 1982 and 1984, dividends (includ-

ing the dividend gross-up) increased by \$4.8 billion to \$32.9 billion, while interest income decreased by an equal amount, to \$17.7 billion.

Foreign branch operations were especially important to the banking industry. Over 60 percent of the foreign-source taxable income of banks was earned through foreign branches. As a contrast to banks, corporations in the trade and manufacturing industries more often established foreign subsidiary corporations. This was reflected in the large amount of foreign dividends and the dividend gross-up reported by those U.S. corporations.

DATA SOURCES AND LIMITATIONS

Sample Selection and Sampling Variability

The statistics for Income Year 1984 (which included accounting periods ending between July 1984 and June 1985) were estimated from a stratified probability sample of about 94,000 corporation income tax returns selected after revenue processing, but before audit examination. A description of the sample selection procedures for corporate returns is presented in the Appendix of this publication.

Returns claiming a foreign tax credit were selected for the 1984 statistics presented in this article from the general corporate sample. Slight differences exist between the 1984 foreign tax credit data presented here and the data previously published in *Statistics of Income-1984, Corporation Income Tax Returns*, as well as data shown in Table 13 of the Selected Historical Data section of this publication. The differences exist because the statistics presented in this article include 1984 data for 25 returns with foreign tax credit that were prescribed for inclusion in the 100 percent sample class, but were received too late to be included in the regular corporate statistics. However, estimates were used in the corporate statistics for the most significant (10) returns.

Accounting periods which ended January through June 1985, included returns filed for the first time by Foreign Sales Corporations (FSC's) and Interest Charge Domestic International Sales Corporations (IC-DISC's). Effective January 1985, the FSC and IC-DISC replaced the former Domestic International Sales Corporation (DISC). When a U.S. parent corporation receives a dividend from a FSC or an IC-DISC, the parent corporation can sometimes claim a foreign tax credit for a portion of the foreign taxes

paid by those corporations. However, no returns in the corporate sample for Income Year 1984 included a foreign tax credit for distributions from either a FSC or an IC-DISC.

Unlike an IC-DISC, a FSC may pay U.S. income tax. Therefore, a FSC can sometimes claim a foreign tax credit for the foreign taxes paid on its foreign trade income. A separate study of income tax returns (Forms 1120-FSC) was conducted for these newly created corporations with accounting periods ending January through June 1985. None of the Foreign Sales Corporations included in that study claimed a foreign tax credit.

Sampling error is a limitation only to the extent that returns are selected at a rate of less than 100 percent. However, for this article, returns selected at the 100 percent rate accounted for the largest part of the estimated amounts. For instance, for 1984, corporations with \$250 million or more in total assets (which were selected at the 100 percent rate) accounted for almost all of total assets (97.9 percent), foreign tax credit claimed (96.5 percent), and foreign-source taxable income (96.1 percent) reported by all corporations claiming a foreign tax credit. Because of the predominance of these large corporations, sampling error is not considered a major limitation of the statistics.

General Limitations

The foreign tax credit is claimed under section 901 of the Internal Revenue Code. Corporations claiming a foreign tax credit generally provide supporting foreign income and tax data on Form 1118, *Computation of Foreign Tax Credit-Corporations*, attached to their U.S. income tax returns (Forms 1120).

Form 1118 is the source of the foreign income and tax data for this article. Detailed statistics from this form are generally obtained for only even numbered income years. The foreign income, taxes, and credit in this article were thus obtained from Forms 1118 for 1980, 1982, and 1984. The foreign tax credit was obtained for other years (i.e., 1981, 1983, and 1985) through the annual corporation income tax return statistics. Because of the different cycles of data collection, only the foreign tax credit can be compared or contrasted annually.

The statistics do not reflect any adjustments that may be made during audit examination, when the acceptability of the foreign income and taxes

reported for purposes of this credit is finally determined. In addition, some corporations provided only preliminary foreign income and tax data with their U.S. tax returns because not all the information on their foreign operations was available at the time the U.S. income tax return had to be filed.

There is a certain amount of undercoverage in the foreign income and tax data. Some corporations with foreign income and taxes reported an overall deficit on their U.S. income tax return and thus had no U.S. tax liability against which a foreign tax credit could be claimed. Other corporations may have chosen to deduct their foreign taxes from gross income rather than credit them against their U.S. income tax liability. It is believed that the amounts of foreign income and tax were insignificant for those returns. In both circumstances, the tax returns would have been excluded from this study. In other instances, corporations did not provide a Form 1118 in support of the foreign tax credit claimed with their tax return as originally filed. Since the foreign tax credit claimed by these corporations represented approximately 0.06 percent of the total foreign tax credit claimed by all corporations, it is believed that the related foreign income and tax data are insubstantial. Certain data about these corporations are, however, included in columns 1-16 of Table 1.

The U.S. tax law allows parent corporations to file consolidated income tax returns presenting the combined financial data of an entire group of affiliated corporations. Therefore, the actual number of corporations claiming a foreign tax credit is understated, inasmuch as the statistics in this article are for corporation income tax returns with a foreign tax credit. For purposes of this article, however, the term "corporations" is used interchangeably with "returns."

Each return included in the statistics was assigned an industry code during statistical processing. This code was used as a classifier of the returns. The industry code represented the principal business activity of the corporation filing the return. However, a given return may have been for a company engaged in several business activities or may have been a consolidated return filed for an affiliated group of corporations which conducted different business activities. To the extent that some returns (consolidated and nonconsolidated) were for corporations engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

DEFINITIONS

Current-year Foreign Taxes.—Generally, current-year foreign taxes available for credit included (a) foreign taxes directly paid or accrued by a U.S. corporation on profits of foreign branch operations; taxes withheld on dividends, interest, rents, royalties and license fees; and foreign taxes paid or accrued on other income including income from partnerships and from the performance of services; and (b) foreign taxes indirectly, or "deemed," paid by a U.S. corporation. The deemed paid taxes were the taxes paid or accrued by a related foreign corporation on the profits from which dividends were paid (or constructive distributions made) to the U.S. corporation.

Dividend Gross-up.—An amount of income equal to tax deemed paid that is associated with dividends received or with includable income constructively received from Controlled Foreign Corporations.

Foreign-source Taxable Income.—Foreign-source gross income, including certain income "constructively" although not actually received (i.e., foreign dividend gross-up and includable income of Controlled Foreign Corporations) less, or "net" of, the allocable deductions determined under the Internal Revenue Code and by provisions of any tax treaty between the United States and a particular foreign country. This taxable income was the amount on which the U.S. income tax on foreign earnings was determined. It could differ from the taxable income from overseas business operations and investments computed under foreign tax law, which was used as the basis for foreign taxation. In general, foreign-source taxable income included foreign branch profits, dividends received from foreign corporations, rental income, royalties, license fees, interest, gains from the sale of real property, and compensation for labor or services performed.

Specialty Allocable (Section 863(b)) Income.—Income partially earned within the United States and partially earned within a foreign country or U.S. possession. In general, the income was generated either by production within the United States and sales abroad, or vice versa; or by transportation, telegraph, or cable services.

NOTES AND REFERENCES

- [1] For an explanation of the difference between the \$21.4 billion total foreign tax credit figure shown here and the \$21.1 billion figure shown

in *Statistics of Income — 1984, Corporation Income Tax Returns*, see the "Data Sources and Limitations" section of this article.

- [2] Unless otherwise stated, the term foreign taxes paid is used in this article to mean current-year foreign taxes, which is described in the "Definitions" section of this article. Taxes paid to foreign governments on some income that was not repatriated to the United States are not included in the statistics in this report.
- [3] The focus of this article is Tax Year 1984 because statistics on the foreign income and taxes, which generate the foreign tax credit, are not available for 1985. See the "General Limitations" section of this article for a more detailed explanation. While the focus is also on industry data, information by selected countries is provided in Table 4, at the end of this article.
- [4] Starting from a record high of \$36.8 billion for 1979, the foreign tax credit plunged for 1980. This plunge resulted primarily from the nationalization of certain U.S. oil extraction interests in the Middle East.
- [5] Taxable income, in contrast to net income, which is somewhat higher, is used for measuring the recovery because it is the U.S. tax base used in the computation of the foreign tax credit. The foreign-source and domestic-source taxable income are estimates because a small amount of foreign-source taxable income is not included in these statistics. See the "Data Sources and Limitations" section of this article.
- [6] Major U.S. corporations today include multinational operations distributed throughout the European Economic Community, Japan, Canada, and numerous developing countries around the world. Many foreign countries are producing various component parts of the final products sold by U.S. companies today. Not only does the manufacturing of goods result from multinational coordination, so does the necessary financing which is provided through internationally coordinated operations of U.S. companies. For a discussion of a prototype of a large computer-age multinational firm see for example: Blumenthal, Michael, "Two Perspectives on International Macroeconomic Policy

Coordination," *International Economic Cooperation*, Martin Feldstein, editor, University of Chicago Press, 1988, pp. 43-49.

- [7] Under the Deficit Reduction Act of 1984, the DISC was replaced with the Foreign Sales Corporation (FSC), which created two new categories of foreign income (effective January 1985): (1) foreign trade income of a FSC and (2) distributions from a FSC or former FSC. See the "Data Sources and Limitations" section of this article for more details concerning the exclusion of these categories of foreign income from the 1984 statistics.
- [8] The foreign tax credit shown in the statistics do not include any foreign taxes carried back because this would require filing an amended tax return. Amended tax returns were not included in this study.
- [9] See Mose, Vergie, "Report on International Boycotts, 1976-1982: A Focus on the Middle East," *Statistics of Income Bulletin*, Summer 1985, Volume 5, Number 1.
- [10] For comparison of the tax effect using foreign taxes paid as a credit versus a deduction, see Barlow, Mary, "Foreign Tax Credit by Industry, 1982," *Statistics of Income Bulletin*, Spring 1986, Volume 5, Number 4.
- [11] Seskin, Eugene P. and Landefeld, J. Steven, "Plant and Equipment Expenditures, the Four Quarters of 1984," *Survey of Current Business*, Bureau of Economic Analysis, Department of Commerce, June 1984.
- [12] Dilullo, Anthony J., "U.S. International Transactions, Third Quarter 1984," *Survey of Current*

Business, Bureau of Economic Analysis, Department of Commerce, December 1984.

- [13] In general, a deficit occurred when the sum of ordinary and necessary business expenses plus statutory special deductions exceeded gross income. Ordinary business deductions, in the case of banks, include interest paid to depositors, as well as deductions for bad debts.
- [14] U.S. tax laws mandate the sequence in which tax credits must be taken in reducing U.S. income tax. The first credit to reduce U.S. income tax is the foreign tax credit. The remaining U.S. tax determines the limits of the other succeeding tax credits. For the calculations shown in Figure 1, the reported amounts of the other credits were used to reduce U.S. income tax. These credits were not recalculated to simulate higher limitations due to the U.S. income tax before credits not being reduced by the foreign tax credit (for Figure 1).
- [15] A Controlled Foreign Corporation (CFC) is generally described as a corporation created under the laws of a government outside of the United States and with more than 50 percent of the voting stock or more than 50 percent of all classes of stock owned by U.S. "persons" on any day during the taxable year of the CFC. For 1984 industrially classified Controlled Foreign Corporation data, see Lewis, Margaret P., "Controlled Foreign Corporations, 1984: An Industry Focus," *Statistics of Income Bulletin*, Fall 1989, Volume 9, Number 2.
- [16] Krueger, Russel C., "U.S. International Transactions, First Quarter 1984," *Survey of Current Business*, Bureau of Economic Analysis, Department of Commerce, June 1984.

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry
[All figures are estimates based on samples—money amounts are in thousands of dollars]

All figures are estimates based on samples—money amounts are in thousands of dollars									
Major industry	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Inducible income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Net income (loss) after foreign taxes	Income subject to U.S. tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All Industries	4,841	4,339,759,746	2,385,182,002	14,654,946	4,859,970	3,682,959	12,095,447	139,112,230	133,135,063
Agriculture, forestry, and fishing	55	2,491,866	5,487,388	20,322	12,103	1,173	3,231	256,010	248,798
Mining	143	93,828,192	62,445,406	672,975	34,556	114,007	636,358	3,960,095	3,724,530
Metal mining	113	2,274,014	1,790,179	8,022	—	84	—	164,916	160,354
Coal mining	3	3,177,555	2,272,903	—	—	—	62,772	3,475,238	3,285,111
Oil and gas extraction	122	86,575,076	46,577,538	660,434	34,556	113,603	627,676	3,475,238	3,285,111
Nonmetallic minerals, except fuels	6	1,501,548	1,604,735	4,518	—	—	560	177,189	176,126
Construction	99	16,555,188	9,155,157	62,446	5,403	16,358	29,234	346,209	258,187
General building contracts and operative builders	79	1,507,418	5,760,749	33,907	219	100	14,385	235,763	178,539
Heavy construction contractors	12	14,721,944	3,074,813	26,593	5,184	16,128	14,263	83,758	54,291
Special trade contractors	7	245,826	311,795	1,964	—	130	586	26,688	25,336
Manufacturing	1,709	1,483,187,187	1,501,703,306	12,290,707	4,891,051	3,038,417	10,596,834	102,432,248	99,908,023
Food and kindred products	85	69,736,405	113,579,826	658,078	123,283	230,361	541,790	5,528,038	4,988,323
Tobacco manufactures	6	46,692,190	37,467,091	35,398	129,091	52,331	40,553	4,113,136	4,098,882
Textile mill products	38	7,923,961	10,842,731	25,169	6,788	19,697	579,697	576,697	576,310
Apparel and other textile products	80	29,959,344	26,578,063	10,567	66,795	45,283	13,027	645,899	642,630
Lumber and wood products	18	2,516,576	3,918,508	1,297	2,693	39,711	170,882	1,390,537	1,094,721
Furniture and fixtures	53	40,447,280	45,899,050	223,368	145,389	61,381	75,610	3,734,954	3,695,530
Paper and allied products	98	28,796,978	33,189,867	2,024,633	1,024,274	785,728	1,734,613	13,220,399	13,007,067
Printing and publishing	242	193,890,741	202,468,050	2,024,633	1,024,274	785,728	1,734,613	27,042,329	26,266,888
Chemicals and allied products	15	17,777,124	24,720,012	132,844	47,445	17,082	74,610	1,227,858	1,152,545
Petroleum (including integrated) and coal products	81	3,730,968	5,752,109	5,554	218	194	5,664	261,725	250,423
Rubber and miscellaneous plastics products	44	22,308,960	25,073,101	227,964	63,432	245,532	199,970	1,834,840	1,799,596
Leather and leather products	50	50,160,428	35,749,069	120,797	58,965	99,399	53,563	1,299,599	1,267,296
Stone, clay, and glass products	156	40,175,607	38,977,957	513,771	122,022	44,446	345,550	2,974,685	2,936,889
Primary metal industries	233	125,589,174	114,174,860	1,719,725	649,750	213,237	292,819	7,944,502	7,741,682
Fabricated metal products	211	123,809,186	131,933,739	541,786	649,750	213,237	292,819	7,944,502	7,741,682
Machinery, except electrical	211	123,809,186	131,933,739	541,786	649,750	213,237	292,819	7,944,502	7,741,682
Electrical and electronic equipment	104	154,376,691	152,672,502	929,652	585,729	239,831	729,231	9,408,308	9,317,784
Motor vehicles and equipment	26	29,481,625	42,545,198	179,954	355,294	43,536	142,556	2,308,152	2,165,684
Transportation equipment, except motor vehicles	104	30,915,004	38,653,913	323,294	458,031	179,023	336,482	2,915,311	2,777,929
Instruments and related products	104	30,915,004	38,653,913	323,294	458,031	179,023	336,482	2,915,311	2,777,929
Miscellaneous manufacturing products and manufacturing not allocable	80	12,315,430	13,803,753	52,684	28,559	6,228	40,068	1,166,761	1,070,982
Transportation and public utilities	239	209,189,334	126,032,746	166,757	12,900	255,851	129,905	8,575,905	7,855,802
Transportation	187	43,498,155	36,420,876	54,034	1,564	21,603	15,580	1,890,434	1,515,918
Water transportation	181	38,907,285	34,053,483	41,491	1,564	15,771	15,045	1,799,095	1,426,771
Other transportation	14	5,630,870	2,367,393	13,444	—	832	534	91,339	86,146
Communication	38	108,037,968	59,556,663	43,236	4,694	124,989	44,534	3,872,286	3,710,163
Electric, gas, and sanitary services	735	229,204,888	250,642,292	529,509	62,602	202,812	340,312	8,833,554	7,626,424
Wholesale and retail trade	636	89,494,330	82,371,216	363,518	51,085	66,657	199,065	3,428,366	3,353,911
Wholesale trade	117	1,791,938	7,351,401	6,548	9,859	5,114	4,497	76,424	69,753
Groceries and related products	85	3,773,873	6,843,706	6,835	4,933	9,372	7,864	255,742	250,007
Machinery, equipment, and supplies	534	83,928,518	66,176,109	350,138	45,283	52,171	186,704	3,096,200	2,934,152
Miscellaneous wholesale trade	115	3,186,127	6,010,364	16,901	5,391	1,561	9,729	219,244	204,478
Drugs, chemicals, and allied products	111	4,078,406	9,737,311	213,540	723	32,620	115,973	443,308	444,431
Petroleum and petroleum products	408	78,665,984	50,428,435	119,897	39,168	17,990	61,002	4,343,648	4,283,943
Other miscellaneous wholesale trade	100	139,710,559	168,271,076	165,991	11,417	135,955	141,247	5,505,468	5,472,512
Retail trade	24	107,102,221	103,426,966	89,742	2,271	102,024	69,966	2,825,007	2,331,668
Building materials, garden supplies, and mobile home dealers	7	10,142,298	36,301,555	50,699	5,809	14,787	56,490	682,897	332,881
General merchandise stores	10	11,280,556	10,898,348	4,964	2,771	16,228	6,817	64,628	64,628
Food stores	23	7,301,640	10,520,686	12,204	566	1,555	8,003	754,437	754,437
Apparel and accessory stores	21	1,618,619	1,861,625	9,910	293	—	3,638	186,310	137,150
Eating and drinking places	15	72,750,071	18,175,292	48,517	265	34,833	27,558	404,858	397,549
Miscellaneous retail stores	23	7,301,640	10,520,686	12,204	566	1,555	8,003	754,437	754,437
Finance, insurance, and real estate	1,362	2,270,614,319	378,310,593	723,118	8,525	181,195	287,481	12,149,312	12,149,312
Banking	153	1,618,619,515	193,158,526	384,970	197	97,436	129,298	5,884,257	5,804,074
Credit agencies other than banks	97	65,042,081	18,175,292	48,517	265	34,833	27,558	404,858	397,549
Security, commodity brokers, and services	102	72,750,071	18,175,292	48,517	265	34,833	27,558	404,858	397,549
Insurance carriers	224	2,532,915	1,861,625	9,910	293	—	3,638	186,310	137,150
Insurance agents, brokers and services	16	2,601,383	2,762,232	6,136	293	—	3,638	186,310	137,150
Real estate	424	11,831,810	8,786,156	167,750	7,401	6,687	61,581	846,951	566,839
Holding and other investment companies except bank holding companies	499	35,008,771	40,605,114	169,095	32,829	73,345	92,111	2,458,596	2,368,990
Services	8	3,908,429	3,105,600	962	—	—	—	—	—
Hotels and other lodging places	6	1,921,069	2,389,922	20,856	—	—	—	—	—
Personal services	253	11,673,688	19,594,126	71,780	12,050	26,319	44,593	1,143,010	1,111,326
Business services	8	3,996,025	3,761,950	3,854	—	—	—	—	—
Auto repair, miscellaneous repair services	127	5,888,762	4,659,433	82,032	11,536	36,765	17,573	258,464	251,648
Amusement and recreational services	9	7,618,567	7,094,083	9,719	9,243	10,241	7,660	593,443	585,949
Other services	127	5,888,762	4,659,433	82,032	11,536	36,765	17,573	258,464	251,648

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Major industry	U.S. income tax before credits					Foreign tax credit claimed	U.S. possessions tax credit	General business credit	Other credits	U.S. income tax after credits	Foreign income and taxes reported on Form 1118		
	Total	Regular and alternative tax	Regular and alternative tax	Regular and alternative tax	Gross income (less total excluding branch operations and specially allocable income)						Dividends	Dividend gross-up	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
All industries	59,993,157	59,535,320	21,416,643	12,333	9,108,438	1,391,978	27,680,798	85,453,725	20,834,778	12,094,872			
Agriculture, forestry, and fishing	105,152	104,459	11,985		8,833	1,368	81,966	1,040,798	21,495	3,232			
Mining	1,748,686	1,889,279	1,184,747		54,747	2,402	524,790	8,605,006	789,198	636,358			
Metal mining	254,571	41,381	35,238		4,740	27	13,626	849,467	8,024	16,122			
Coal mining	69,572	67,414	58,836		3,033	—	7,703	1,795	84	—			
Oil and gas extraction	1,552,764	1,069,440	1,069,440		35,259	2,375	445,681	6,147,416	776,572	627,676			
Nonmetallic minerals, except fuels	80,719	90,034	1,224		11,715	—	67,781	10,328	4,518	560			
Construction	117,412	114,963	95,027		5,843	63	25,479	378,705	83,834	29,234			
General building contracts and operative builders	80,785	90,067	68,454		2,336	63	9,922	251,244	34,007	14,385			
Heavy construction contractors	25,297	23,745	16,501		3,177	—	114,705	47,532	14,263	—			
Special trade contractors	11,330	11,151	1,053		330	—	9,847	12,757	—	—			
Manufacturing	45,935,227	44,305,507	17,490,311	11,328	5,892,930	1,306,926	20,352,625	52,561,976	17,556,110	10,596,281			
Food and kindred products	2,449,202	2,420,632	765,270		315,801	117,742	1,250,369	2,138,062	901,327	541,796			
Tobacco manufactures	1,760,529	1,756,615	71,029		158,242	5,817	1,525,440	2,016,650	140,972	40,553			
Textile mill products	262,427	258,920	25,251		59,041	1,480	179,655	89,456	41,126	19,897			
Apparel and other textile products	388,019	361,202	23,801		18,465	422	262,395	102,157	19,256	7,511			
Lumber and wood products	12,016	12,421	1,314		13,436	744	200,521	85,520	52,103	13,027			
Furniture and fixtures	1,271,951	1,248,825	248,131		282,063	37,045	706,712	799,651	337,317	170,499			
Paper and allied products	1,575,722	1,585,739	93,508		164,756	3,433	1,314,026	517,987	106,760	75,609			
Printing and publishing	5,932,304	5,769,792	2,414,330	8,584	815,573	228,467	2,435,050	7,168,996	3,111,455	1,734,810			
Chemicals and allied products	1,190,565	1,177,474	84,952		815,034	87,762	2,533,046	21,160,997	5,812,189	4,085,187			
Petroleum (including integrated) and coal products	516,257	506,474	136,140		88,905	16,694	274,549	473,258	158,028	74,616			
Rubber and miscellaneous plastics products	114,954	114,381	7,825		11,440	550	95,140	31,436	9,750	3,862			
Leather and leather products	806,614	788,495	223,991		7,366	14,554	491,003	678,659	276,656	199,870			
Stone, clay, and glass products	574,550	560,163	123,104		106,958	10,955	333,532	601,110	345,586	254,586			
Primary metal industries	1,272,222	1,269,596	411,544	2,294	100,303	16,465	748,616	1,252,550	568,905	345,686			
Fabricated metal products	532,946	531,880	225,393	362	558,516	267,933	2,338,701	8,087,489	2,215,111	1,685,872			
Machinery, except electrical	3,524,963	3,520,326	520,326		210,341	1,983,929	3,104,544	1,078,819	292,821	—			
Electrical and electronic equipment	3,524,963	3,520,326	520,326		210,341	1,983,929	3,104,544	1,078,819	292,821	—			
Motor vehicles and equipment	4,325,740	4,298,999	970,271		1,028,296	129,640	2,187,000	2,512,433	1,078,819	292,821			
Transportation equipment, except motor vehicles	965,707	957,431	213,206		181,764	73,662	498,090	1,077,857	465,698	142,558			
Aircraft and related products	1,277,148	1,261,761	404,742	88	183,531	69,275	599,512	1,412,733	713,514	338,482			
Miscellaneous manufacturing products and manufacturing not allocable	490,701	484,637	50,830		33,939	12,991	392,941	142,078	61,847	40,068			
Transportation and public utilities	3,450,450	3,429,021	353,804		1,859,887	22,241	1,654,519	2,403,213	419,787	129,905			
Transportation	669,287	681,141	55,631		421,023	1,229	191,404	810,249	76,413	15,580			
Water transportation	39,492	39,305	19,579		6,950	18	12,773	239,531	73,241	53,291			
Other transportation	629,795	621,836	35,862		414,073	1,212	178,631	570,719	57,137	15,045			
Communication	158,683	158,683	103,617		520,636	9,771	524,661	703,053	172,868	69,792			
Electric, gas, and sanitary services	1,662,480	1,662,480	194,357		618,329	1,341	638,454	889,911	170,066	44,534			
Wholesale and retail trade	3,508,538	3,494,482	482,406	1,005	876,686	22,451	2,423,999	2,296,250	782,224	340,314			
Wholesale trade	1,514,948	1,502,434	300,618		91,744	10,042	1,112,541	1,487,484	459,262	199,084			
Groceries and related products	31,665	31,273	5,764		47,765	481	24,166	141,481	4,491	—			
Machinery, equipment, and supplies	114,194	110,924	12,595		13,950	373	87,276	145,940	7,629	—			
Miscellaneous wholesale trade	1,369,087	1,360,237	282,259		70,029	9,207	1,007,581	1,316,998	430,102	188,704			
Drugs, chemicals, and allied products	68,679	67,133	13,688		8,874	117	68,001	111,737	18,463	9,726			
Petroleum and petroleum products	2,079,591	1,998,591	99,380		25,382	26	92,807	1,055,585	276,335	115,973			
Other miscellaneous wholesale trade	1,200,816	1,073,513	61,393		55,773	8,872	915,783	724,276	135,304	61,843			
Retail trade	1,993,592	1,962,049	181,788	1,005	488,942	12,409	1,311,448	810,806	302,962	141,250			
Building materials, garden supplies, and mobile home dealers	3,044	2,995	199		1,008	97	1,799	1,340	31	—			
General merchandise stores	1,028,357	1,012,157	83,070		202,476	9,348	672,883	474,037	193,577	69,966			
Food stores	153,135	150,160	60,366	1,005	55,556	2,086	34,119	170,400	73,301	56,490			
Appliance and accessory stores	162,840	162,263	2,117		10,688	—	150,042	17,700	—	—			
Eating and drinking places	373,688	364,550	17,786		10,307	240	277,671	125,904	20,577	8,618			
Miscellaneous retail stores	270,343	269,023	18,249		76,907	234	174,954	30,421	13,760	8,006			
Finance, insurance, and real estate	4,481,873	4,371,780	1,827,156		783,794	19,784	2,050,839	18,017,937	934,510	267,441			
Banking	2,509,947	2,443,233	1,309,753		520,334	5,196	943,663	14,524,591	471,425	129,298			
Credit agencies other than banks	111,645	109,884	31,322		22,375	32,026	146,016	12,612,612	27,558	—			
Security commodity brokers, and services	124,823	122,667	10,177		55,556	15,547	18,171	15,547	—	—			
Insurance carriers	1,410,597	1,388,389	130,846		191,140	9,430	1,079,181	14,441,301	127,427	35,707			
Insurance agents, brokers and services	30,725	29,830	8,091		3,005	142	19,486	54,047	10,684	6,444			
Real estate	51,185	48,607	6,458		5,042	287	39,398	78,777	6,138	3,635			
Other investment companies except bank holding companies	242,751	237,350	78,534		15,576	2,141	146,500	296,658	148,054	61,564			
Services	1,090,019	1,055,849	203,401		223,519	16,842	646,457	1,928,697	268,821	92,106			
Hotels and other lodging places	57,402	55,242	5,526		19,666	—	32,207	14,673	862	—			
Personal services	84,948	84,948	21,741		16,124	59	47,024	126,576	20,868	19,304			
Business services	525,135	499,965	53,191		89,536	14,546	327,962	905,331	98,103	44,593			
Automotive repair	54,890	53,740	9,324		22,988	251	14,325	16,106	3,854	2,781			
Amusement and recreational services	111,916	111,484	26,762		22,988	1,708	193,125	322,456	125,499	11,693			
Other services	255,687	250,849	50,793		8,541	201	193,125	342,558	16,636	7,656			
Footnotes at end of table													

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Major industry	Foreign income and taxes reported on Form 1118—Continued						Oil and gas extraction gross income (less loss)			
	Gross income (less loss) excluding branch operations and specially allocable income—Continued						Oil and gas extraction gross income (less loss)			
	Interest income (20)	Rents, royalties and license fees (21)	Service income (22)	Net capital gain (23)	Partnership income (net) (24)	Other income (25)	Total (26)	From extraction of oil or gas (27)	From sale of business assets (28)	Dividends from foreign corporations (29)
All industries	17,723,038	9,818,002	8,119,912	780,459	321,385	17,761,280	26,903,371	19,471,137	81,696	7,447,512
Agriculture, forestry, and fishing	6,087	19,518	935,121	-978	-87	58,310				
Mining	116,428	532,888	516,522	469	244,516	3,968,630	1,940,488	1,036,312	59,898	819,672
Metal mining	11,681	429	317,491		200,031	103,688				
Coal mining	1,711									
Oil and gas extraction	102,497	532,458	198,320	469	44,485	3,864,942	1,940,488	1,036,312	59,898	819,672
Nonmetallic minerals, except fuels	540		710							
Construction	14,867	17,076	27,064	1,206	192,115	13,509				
General building contracts and operative builders	10,065	3,908	2,564		184,244	2,072				
Heavy construction contractors	4,802	13,167	24,501	681	7,872	1,886				
Special trade contractors				525		9,551				
Manufacturing	2,888,339	8,335,413	2,599,425	701,673	-138,137	10,139,774	24,305,516	17,810,710	21,715	6,803,861
Food and kindred products	133,652	314,543	42,952	7,006	-1,306	198,091				
Tobacco manufactures	22,132	183,280	584,160	16,187		214,365	28,594	28,594		
Textile mill products	4,095	13,146	4,787	63	128	6,213				
Apparel and other textile products	16,919	47,907	3,507	32		7,028				
Lumber and wood products	16,916	1,578	1,406	-0.460	65	6,884				
Furniture and fixtures	118	2,424	123			3				
Paper and allied products	45,816	169,059	16,104	21,174	-22	39,702				
Printing and publishing	29,347	114,337	83,894	17,220	-206	91,025				
Chemicals and allied products	353,907	890,659	151,448	82,804	-5,321	759,433	1,595,893	711,209	517	887,871
Petroleum (including integrated) and coal products	1,140,539	1,584,252	674,849	43,925	-164,358	7,964,374	22,669,647	17,059,727	21,199	5,715,791
Rubber and miscellaneous plastics products	11,115	103,206	56,955	39,642	-108	29,804				
Leather and leather products	833	4,148	4,397		-2,732	34,770				
Stone, clay, and glass products	32,682	96,571	11,948	28,424		6,446				
Primary metal industries	51,556	121,521	32,352	14,102	11,012	107,415				
Fabricated metal products	361,025	3,313,787	277,652	-7,040	-425	241,527	10,818	10,818		
Machinery, except electrical	242,799	559,324	221,556	424,601	-1,679	286,303				
Electrical and electronic equipment	150,784	58,823	232,008	6,700		73,681				
Motor vehicles and equipment	144,007	137,168	196,425	-4,214	26,345	-132				
Transportation equipment, except motor vehicles	90,053	236,715	-7,058	2,614	428	39,986				
Instruments and related products										
Miscellaneous manufacturing products and manufacturing not allocable	4,815	27,744	797	199	41	8,568				
Transportation and public utilities	79,989	116,608	957,185	2,057	10,760	686,943	596,096	585,098	10	
Transportation	30,655	57,726	601,809	1,514	1,571	24,981	24,512	22,959		
Water transportation	1,243	-1,530	190,118	127	1,342	22,421	23,751	22,422		
Other transportation	29,412	59,257	405,691	1,387	230	2,560	761	538		
Communication	8,379	40,685	238,049	378	6,710	166,194				
Electric, gas, and sanitary services	40,955	18,197	117,307	165	2,478	495,768	571,584	572,139	10	
Wholesale and retail trade	411,828	188,492	94,151	9,855	487,513	52,869	28,624	74	24,171	
Wholesale trade	300,394	103,208	65,291	9,416	2,064	348,785	52,869	28,624	74	24,171
Groceries and related products	7,902	156			150					
Machinery, equipment, and supplies	14,639	8,818	39,008	2,333	273	55,319				
Miscellaneous wholesale trade	277,853	94,235	26,266	7,083	1,791	292,966	52,869	28,624	74	24,171
Drugs, chemicals, and allied products	2,401	7,055	463	106		73,520				
Petroleum and petroleum products	24,074	3,109	536	98		60,860				
Other miscellaneous wholesale trade	251,378	84,070	25,267	6,879	1,791	158,596	28,699	28,624	74	
Retail trade	111,533	85,283	28,859	240	1,949	138,728				
Building materials, garden supplies, and mobile home dealers	19	448		503		339				
General merchandise stores	91,726	6,111	32,031	-540		81,165				
Food stores	158	13,665	12		2,123	24,654				
Apparel and accessory stores	81	3,555				2,436				
Eating and drinking places	15,127	52,320	4,204		-174	27,231				
Miscellaneous retail stores	4,441	9,183	-7,890			2,922				
Finance, insurance, and real estate	14,180,827	178,365	638,855	61,718	-4,224	1,784,548	402	393		
Banking	12,882,195	99,738	237,151	26,809	-43,202	271,177	393	393		
Credit agencies other than banks	34,558	24,344	105,672	9,526	16,999	789,747				
Security, commodity brokers, and services	892,047	12,735	230,362	17,036	21,255	104,713	9			
Insurance carriers	1,750	3,506	29,336			1,615				
Insurance agents, brokers and services	381				5	67,390				
Real estate	28,411	33,869	2,441	8,344		13,975				
Holding and other investment companies except bank holding companies	24,473	531,544	353,810	4,460	12,428	644,055				
Services										
Hotels and other lodging places	1,128	1,093	80,947	2,233		1,279				
Personal services	14,542	142,768	154,314	2,247	747	448,016				
Business services	2,763	2,000	4,508			6,819				
Auto repair, miscellaneous repair services	5,601	367,156	5,063		1,345	186,538				
Amusement and recreational services										
Other services										

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Foreign income and taxes reported on Form 1118—Continued										
Major industry	Oil and gas extraction gross income (less loss)—Continued			Deductions other than from branch operations and specially allocable income						
	Includable income of Controlled Foreign Corporations	Partnership income	Total	Deductions allocable to specific types of income					Deductions not allocable to specific types of income	
				Total	Rental, royalty and licensing expenses		Service expenses	Other deductions	Total	Research and development expenses
					Depreciation, depletion and amortization	Other				
	(00)	(01)	(02)	(03)	(04)	(05)	(06)	(07)	(08)	(09)
All industries	2,773	-99,748	38,768,836	25,481,874	320,279	954,455	2,286,314	21,820,826	13,284,782	42,721
Agriculture, forestry, and fishing	—	—	991,200	964,047	—	—	—	964,047	27,153	5,785
Mining	—	32,609	4,315,180	4,099,417	64,145	58,686	332,149	3,844,457	215,743	10
Metal mining	—	—	535,623	535,623	4,067	—	184,890	346,866	—	—
Coal mining	—	—	—	—	—	—	—	—	—	—
Oil and gas extraction	—	32,609	3,778,339	3,563,251	60,077	58,686	147,460	3,297,048	215,098	10
Nonmetallic minerals, except fuels	—	—	1,198	543	—	—	—	543	655	—
Construction	—	—	91,696	36,670	—	913	12,631	23,228	54,928	—
General building contracts and operative builders	—	—	—	46,325	2,075	—	1,532	544	44,249	—
Heavy construction contractors	—	—	—	44,232	34,523	913	10,999	22,611	9,708	—
Special trade contractors	—	—	—	1,040	72	—	—	72	968	—
Manufacturing	17	-130,587	17,012,611	13,461,379	181,381	654,307	827,844	11,797,847	3,651,232	27,985
Food and kindred products	—	—	507,889	322,184	—	58,739	8,747	254,698	185,705	3,272
Tobacco manufactures	—	—	877,048	238,333	1,381	1,263	5,371	230,318	638,716	—
Textile mill products	—	—	1,228	9,567	1,309	—	4,430	3,828	7,661	—
Apparel and other textile products	—	—	34,706	19,334	11	4,683	1,525	13,114	15,373	—
Lumber and wood products	—	—	10,721	3,444	—	281	131	3,032	2,726	—
Furniture and fixtures	—	—	155	80	—	—	—	60	95	—
Paper and allied products	—	—	183,659	128,899	—	860	3,530	124,509	54,780	—
Printing and publishing	—	—	202,806	164,471	374	31,533	58,261	84,302	18,336	—
Chemicals and allied products	—	-3,703	1,837,709	1,145,641	457	10,193	52,636	1,082,355	692,069	4,382
Petroleum (including integrated) and coal products	17	-128,896	8,520,333	7,982,210	122,121	388,247	221,008	7,250,834	538,124	—
Rubber and miscellaneous plastics products	—	—	73,652	20,786	71	2,448	1,557	16,710	52,866	2,071
Leather and leather products	—	—	6,006	4,300	—	—	—	—	—	—
Stone, clay, and glass products	—	—	120,782	57,619	648	14,925	12,689	29,377	63,163	2,724
Primary metal industries	—	—	192,097	139,950	30,141	62,752	225	45,833	53,147	—
Fabricated metal products	—	—	210,008	117,748	883	1,012	21,666	93,958	82,250	—
Machinery, except electrical	—	—	1,777,646	9,118	11,284	132,323	1,624,921	351,867	14,738	—
Electrical and electronic equipment	1	—	1,000,003	765,834	293	47,048	72,110	646,383	234,169	634
Motor vehicles and equipment	—	—	606,410	323,324	80	6,554	207,791	108,919	283,088	—
Transportation equipment, except motor vehicles	—	—	251,002	171,536	12,745	9,866	22,717	79,468	15,840	—
Instruments and related products	—	—	210,648	45,099	756	446	1,231	42,665	165,549	—
Miscellaneous manufacturing products and manufacturing not allocable	—	—	20,235	4,395	1,012	2,173	233	977	15,840	(1)
Transportation and public utilities	2,756	-1,769	1,358,408	988,134	11,622	51,130	455,429	469,953	370,274	—
Transportation	—	1,553	845,722	432,059	6,654	48,874	360,737	15,794	213,683	—
Water transportation	—	1,330	168,331	7,663	1,615	3,714	22	2,312	180,667	—
Other transportation	—	223	457,391	424,395	5,039	45,160	360,715	13,482	32,995	—
Communication	—	—	295,349	233,215	529	1,961	24,439	206,286	62,134	—
Electric, gas, and sanitary services	2,756	-3,322	417,337	322,960	4,439	295	70,253	247,874	94,477	—
Wholesale and retail trade	—	—	1,006,075	534,922	1,179	37,832	79,853	416,357	471,184	—
Wholesale trade	—	—	730,727	390,259	946	35,567	61,801	262,125	370,468	—
Groceries and related products	—	—	429	38	—	—	—	38	591	—
Machinery, equipment, and supplies	—	—	101,794	79,895	66	88	37,508	41,342	22,199	—
Miscellaneous wholesale trade	—	—	628,504	280,627	270	35,518	24,092	220,748	347,877	—
Drugs, chemicals, and allied products	—	—	78,775	48,408	—	2,586	—	73,802	2,367	—
Petroleum and petroleum products	—	—	95,016	60,338	—	—	446	98,890	34,680	—
Other miscellaneous wholesale trade	—	—	454,713	143,883	270	32,952	23,807	170,504	310,830	—
Retail trade	—	—	275,348	174,662	233	1,946	18,253	85,231	100,686	—
Building materials, garden supplies, and mobile home dealers	—	—	—	811	—	224	352	235	—	—
General merchandise stores	—	—	203,274	149,566	—	—	15,561	134,006	53,708	—
Food stores	—	—	21,196	15,394	176	761	—	14,457	5,801	—
Apparel and accessory stores	—	—	—	800	—	—	—	87	30	—
Eating and drinking places	—	—	38,483	6,032	—	254	1,693	4,085	32,451	—
Miscellaneous retail stores	—	—	10,784	2,089	56	23	647	1,363	6,695	—
Finance, insurance, and real estate	—	—	12,722,474	4,435,816	57,892	88,478	358,012	3,933,433	8,287,158	8,837
Banking	—	—	1,068,120	2,838,798	54,682	56,151	130,629	2,594,326	7,849,412	8,598
Credit agencies other than banks	—	—	11,694,210	1,001,858	3,020	27,327	13,730	957,781	192,272	—
Security, commodity brokers, and services	—	—	29,259	26,761	—	—	23,925	4,706	997	—
Insurance carriers	—	—	626,394	447,009	179	1,965	167,510	257,318	179,585	—
Insurance agents, brokers and services	—	—	25,622	16,282	—	—	8	16,273	9,340	—
Real estate	—	—	65,535	65,551	—	—	106	65,444	384	—
Holding and other investment companies except bank holding companies	—	—	—	—	—	—	—	—	—	—
Services	—	—	93,426	37,556	—	—	—	37,556	55,967	39
Hotels and other lodging places	—	—	1,268,612	961,489	4,060	63,428	222,495	671,506	307,123	293
Personal services	—	—	6,298	3,433	—	—	124	3,309	2,866	—
Business services	—	—	77,958	77,607	—	390	69,887	7,350	—	—
Auto repair, maintenance, and related services	—	—	649,073	582,551	1,220	55,422	95,144	440,765	56,233	293
Amusement and recreational services	—	—	9,821	7,733	—	—	—	1,733	1,086	—
Other services	—	—	291,751	88,963	2,066	6,973	277	70,647	202,781	—
Families at end of table	—	—	234,711	191,203	774	644	57,083	132,702	43,508	—

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued
(All figures are estimates based on samples—money amounts are in thousands of dollars)

Foreign income and taxes reported on Form 1118—Continued											
Major industry	Deductions other than from branch operations and specialty allowance income—Continued			Deductions from oil and gas extraction income		Taxable income (less loss)					Receipts of prior year foreign losses
	Deductions not allocable to specific types of income—Continued			Total	Allocable to specific types of income	Not allocable to specific types of income	Before tax recapture				
	Interest expenses	General and administrative expenses	Total				Total	Foreign branch income	Specialty allowance income (Section 853 (b))	Other than from branch operations and specialty allowance income	
(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)		
All industries	4,637,838	1,386,214	9,486,672	9,306,920	179,752	63,587,978	14,541,126	2,359,780	46,687,089	181,248	
Agriculture, forestry, and fishing	10,594	9,361	—	—	—	49,734	635	—	49,598	—	
Mining	53,888	75,050	488,906	394,428	94,478	2,818,291	328,445	—	2,489,846	5,541	
Metal mining	—	—	—	—	—	115,187	1,344	—	113,843	—	
Coal mining	—	—	—	—	—	129,058	127,263	—	1,795	—	
Oil and gas extraction	53,888	75,050	488,906	394,428	94,478	2,564,710	195,932	—	2,369,078	5,541	
Nonmetallic minerals, except fuels	—	—	—	—	—	9,336	4,206	—	5,130	—	
Construction	4,241	2,218	—	—	—	295,251	4,898	3,243	287,109	1,899	
General building contracts and operative builders	—	—	—	—	—	206,244	1,325	—	207,569	1,606	
Heavy construction contractors	4,241	2,218	—	—	—	76,210	2,494	3,243	70,473	1,899	
Special trade contractors	—	—	—	—	—	12,787	1,060	—	11,717	—	
Manufacturing	520,689	632,801	8,699,441	8,636,360	61,061	45,582,499	7,776,460	2,235,392	35,806,467	136,807	
Food and kindred products	9,088	5,065	—	—	—	1,783,568	126,000	27,395	1,630,173	1,105	
Tobacco manufactures	1,321	161,827	18,565	18,565	—	335,478	—47,412	58,289	324,601	5,980	
Textile mill products	—	—	—	—	—	72,512	318	—34	72,228	2,876	
Apparel and other textile products	—	—	—	—	—	67,598	1	147	67,451	—	
Lumber and wood products	2	14	—	—	—	90,622	10,032	5,791	74,799	14,450	
Furniture and fixtures	—	—	—	—	—	5,734	125	937	4,671	—	
Paper and allied products	13,583	17,036	—	—	—	654,926	3,485	35,449	615,951	—	
Printing and publishing	966	6,508	—	—	—	313,316	1	5,689	315,005	—	
Chemicals and allied products	48,096	75,167	187,373	158,170	29,203	6,294,392	644,654	318,451	5,331,287	6,368	
Petroleum (including integrated) and coal products	205,820	147,526	8,483,014	8,451,181	31,832	19,131,308	6,392,491	98,154	12,640,664	72,494	
Rubber and miscellaneous plastics products	3,904	1,640	—	—	—	403,733	168	—	399,565	630	
Leather and leather products	14	5	—	—	—	25,430	—	—	25,430	82	
Stone, clay, and glass products	4,175	10,863	—	—	—	570,379	4,308	8,564	557,507	18,399	
Primary metal industries	55,438	73,087	48	3	45	391,563	18,102	56,448	317,013	13,321	
Fabricated metal products	16,218	26,366	—	—	—	1,173,511	99,004	1,042,541	4,863	—	
Machinery, except electrical	152,920	81,385	10,440	10,440	(1)	6,866,751	309,237	599,537	5,957,976	1,201	
Electrical and electronic equipment	1,498	2,004	—	—	—	2,502,767	206,839	191,197	2,104,541	5,310	
Motor vehicles and equipment	95	6,957	—	—	—	2,502,767	206,839	191,197	2,104,541	5,310	
Transportation equipment, except motor vehicles	—	—	—	—	—	874,097	4,661	12,581	856,855	1,278	
Instruments and related products	—	—	—	—	—	1,378,365	38,844	137,436	1,202,086	61	
Miscellaneous manufacturing products and manufacturing not allocable	765	1,409	—	—	—	143,873	20	22,009	121,843	277	
Transportation and public utilities	61,442	27,299	277,815	253,423	24,193	1,307,628	164,503	98,320	1,144,806	24,823	
Transportation	12,883	27,299	2,480	2,480	—	383,092	132,422	86,143	164,528	11,044	
Water transportation	—	26,484	2,305	2,305	—	189,225	119,162	18,863	51,200	11,044	
Other transportation	12,883	816	175	175	—	193,868	13,290	67,280	113,298	11,044	
Communication	48,569	—	275,135	250,942	24,193	428,434	8,724	12,005	407,704	13,879	
Electric, gas, and sanitary services	110,220	8,056	20,710	20,710	—	496,102	23,356	172	472,574	5,002	
Wholesale and retail trade	96,957	383	20,710	20,710	—	1,319,826	16,801	10,910	1,292,214	5,002	
Wholesale trade	—	—	—	—	—	779,582	11,583	11,243	756,757	5,002	
Groceries and related products	—	—	—	—	—	24,117	—	—	24,117	—	
Machinery, equipment, and supplies	—	—	—	—	—	44,192	47	44	44,146	—	
Miscellaneous wholesale trade	96,957	383	20,710	20,710	—	711,273	11,536	11,243	688,494	5,002	
Drugs, chemicals, and allied products	14	—	—	—	—	33,512	—445	995	32,962	—	
Petroleum and petroleum products	96,943	—	19,278	19,278	—	385,934	—35	—	385,969	—	
Other miscellaneous wholesale trade	13,263	7,673	—	—	—	291,827	12,016	10,248	269,563	5,002	
Retail trade	—	—	—	—	—	540,343	5,218	—332	535,458	—	
Building materials, garden supplies, and mobile home dealers	—	—	—	—	—	—	—	—	—	—	
General merchandise stores	12,601	79	—	—	—	529	—	—	529	—	
Food stores	—	—	—	—	—	268,446	—2,324	—	270,762	—	
Apparel and accessory stores	—	—	—	—	—	149,205	—	—	149,205	—	
Eating and drinking places	662	7,594	—	—	—	8,635	—1,068	—336	7,903	—	
Miscellaneous retail stores	—	—	—	—	—	71,451	—15,966	—	87,421	—	
Finance, insurance, and real estate	3,872,741	630,798	(1)	(1)	(1)	42,077	22,440	—	19,637	—	
Banking	3,843,595	624,935	—	—	—	11,503,915	8,201,063	7,290	5,294,962	3,191	
Credit agencies other than banks	—	—	—	—	—	9,830,790	5,991,349	3,060	3,839,381	25	
Security, commodity brokers, and services	—	—	—	—	—	366,657	93,771	—	272,886	—	
Insurance carriers	—	—	—	—	—	147,042	20,753	—	126,289	—	
Insurance agents, brokers and services	24,874	1,841	(1)	(1)	(1)	913,297	95,221	3,169	814,907	226	
Real estate	4,254	3,778	—	—	—	28,425	3,981	—	28,425	—	
Holding and other investment companies except bank holding companies	—	—	—	—	—	16,824	—	—	16,824	—	
Bank holding companies	1	230	—	—	—	200,881	—3,412	1,061	203,232	504	
Services	3,821	631	—	—	—	710,732	45,542	5,104	660,086	4,078	
Hotels and other lodging places	2,866	—	—	—	—	22,627	14,252	—	8,375	—	
Personal services	—	—	—	—	—	49,303	634	—	48,618	—	
Business services	256	631	—	—	—	280,118	22,927	933	256,258	5,407	
Auto repair, miscellaneous repair services	—	—	—	—	—	14,865	7,580	—	7,285	—	
Amusement and recreational services	—	—	—	—	—	233,088	—628	2,011	231,705	—	
Other services	655	—	—	—	—	110,732	726	2,160	107,945	—	

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued
(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major industry	Foreign income and taxes reported on Form 1118—Continued									
	Taxable income (less loss) Continued			Foreign taxes available for credit						
	After loss recapture	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Paid or accrued					
					Total	Tax withheld at source on				Other taxes paid or accrued on
						Dividends	Interest	Rents, royalties, and license fees	Branch income	
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
All industries	63,406,730	27,008,241	1,596,589	28,604,831	11,233,040	1,398,265	858,851	1,089,086	5,047,204	281,441
Agriculture, forestry, and fishing	49,734	35,078	—	35,078	8,948	892	23	894	297	6,347
Mining	2,812,750	3,071,799	121,503	3,193,303	889,485	30,323	7,557	5,728	131,343	74,859
Metal mining	115,187	136,046	7,813	143,859	103,510	1,174	66	—	542	58,511
Coal mining	129,058	58,836	7,034	65,870	65,870	—	257	—	—	—
Oil and gas extraction	2,569,169	2,875,933	106,657	2,982,590	719,536	29,112	7,205	5,726	65,613	15,756
Nonmetallic minerals, except fuels	9,336	1,224	—	1,224	570	37	29	—	211	292
Construction	293,352	114,712	—	114,712	73,811	3,363	340	932	3,477	3,437
General building contracts and operative builders	205,639	82,147	—	82,147	63,868	883	—	345	1,904	216
Heavy construction contractors	74,916	31,212	—	31,212	9,186	2,389	340	587	1,904	3,221
Special trade contractors	12,797	1,352	—	1,352	757	91	—	—	666	—
Manufacturing	45,446,892	20,695,675	1,420,488	22,115,723	8,451,344	1,245,158	168,138	1,034,263	4,319,414	131,909
Food and kindred products	1,782,463	847,546	47	847,593	228,842	93,585	9,438	22,519	91,884	3,364
Tobacco manufactures	329,499	71,053	6,791	77,844	37,291	4,525	1,438	10,069	4,841	4,963
Apparel and other textile products	69,630	30,694	—	30,694	6,084	4,328	142	1,136	10	230
Lumber and wood products	67,598	13,858	—	13,858	6,032	1,243	437	3,685	—	355
Furniture and fixtures	76,141	27,843	6	27,850	8,038	5,222	2,310	173	200	18
Paper and allied products	5,734	1,318	—	1,318	430	103	7	258	44	18
Printing and publishing	654,926	278,520	—	278,520	59,814	28,049	2,035	13,110	17,842	643
Chemicals and allied products	313,316	130,913	—	130,913	39,127	8,043	2,556	5,291	5,574	1,979
Petroleum (including integrated) and coal products	6,288,023	2,646,882	74,364	2,721,246	740,694	206,304	21,700	70,617	412,889	6,688
Rubber and miscellaneous plastics products	19,058,614	10,957,777	1,324,287	12,282,064	5,874,033	320,965	79,592	623,402	3,371,912	43,680
Leather and leather products	403,129	146,146	3	146,149	44,232	580	44	429	845	5,470
Stone, clay, and glass products	25,347	8,126	—	8,126	2,237	580	44	429	845	5,470
Primary metal industries	570,379	264,994	2	264,996	47,255	29,436	2,169	8,495	4,824	899
Fabricated metal products	373,163	144,694	3,308	145,002	51,180	7,583	284	10,277	28,521	3,370
Machinery, except electrical	1,168,708	460,619	—	460,619	93,901	51,445	2,843	18,475	159,688	552
Electrical and electronic equipment	6,855,430	2,310,263	111	2,310,374	575,086	182,482	17,692	180,003	166,135	16,135
Motor vehicles and equipment	2,497,265	801,868	11,126	813,017	253,553	47,170	5,286	44,885	129,902	14,517
Transportation equipment, except motor vehicles	2,058,687	708,395	—	708,687	226,333	33,519	4,396	14,688	29,913	15,396
Instruments and related products	1,621,619	225,672	—	225,672	65,749	15,076	1,206	14,161	20,933	12,260
Miscellaneous manufacturing products and manufacturing not allocable	1,378,304	427,996	—	427,996	81,914	42,572	2,349	15,550	25,213	307
Wholesale and retail trade	143,596	60,175	—	60,175	9,239	4,281	266	3,916	305	167
Transportation and public utilities	1,282,705	389,489	54,297	443,786	229,682	22,447	5,641	11,198	34,325	19,753
Transportation	372,049	67,362	90	67,451	43,518	6,173	3,503	2,727	7,776	9,982
Water transportation	189,225	23,077	—	23,077	21,978	1,404	140	1,404	3,773	7,673
Communication	182,824	44,284	90	44,374	21,540	6,172	3,363	4,322	2,108	3,773
Electric, gas, and sanitary services	100,312	43,334	—	43,334	35,480	12,479	582	7,551	5,110	8,618
Wholesale and retail trade	482,223	215,816	54,207	270,023	150,884	3,835	1,558	920	21,436	6,574
Wholesale and retail trade	1,314,923	579,020	660	579,680	95,659	33,314	16,188	12,493	19,243	4,668
Wholesale trade	774,580	333,674	660	334,335	49,126	21,885	8,696	4,440	4,721	2,527
Groceries and related products	24,117	6,005	—	6,005	3,810	1,112	278	136	—	—
Machinery, equipment, and supplies	44,193	18,367	—	18,367	29,220	28,220	8,696	4,440	4,721	2,527
Miscellaneous wholesale trade	306,281	127,271	—	127,271	21,716	2,912	716	1,181	—	1,130
Drugs, chemicals, and allied products	33,512	21,028	—	21,028	44,010	20,281	8,142	3,795	4,721	1,397
Petroleum and petroleum products	385,934	168,897	660	169,557	10,242	6,490	918	720	171	23
Other miscellaneous wholesale trade	286,825	117,657	—	117,657	30,437	10,730	7,845	3,020	4,550	1,368
Retail trade	540,343	245,346	—	245,346	46,433	11,626	7,491	8,052	14,521	2,141
Building materials, garden supplies, and mobile home dealers	—	—	—	—	—	—	—	—	—	—
General merchandise stores	529	199	—	199	93	4	—	70	—	—
Food stores	268,446	118,412	—	118,412	17,260	4,009	5,150	475	5,765	918
Apparel and accessory stores	149,205	64,855	—	64,855	8,055	5,746	139	1,424	139	432
Eating and drinking places	13,939	8,633	—	8,633	1,969	1,418	318	419	81	—
Miscellaneous retail stores	71,451	18,297	—	18,297	10,084	3,519	1,993	4,105	2,173	791
Finance, insurance, and real estate	42,077	41,443	—	41,443	8,970	921	192	1,346	6,502	—
Finance, insurance, and real estate	11,500,717	1,854,471	4	1,854,475	1,393,021	50,906	759,773	7,640	519,458	6,122
Banking	9,830,785	1,402,426	4	1,402,430	1,208,009	28,434	712,202	2,488	441,266	316
Credit agencies other than banks	366,657	113,275	—	113,275	57,225	2,011	14,925	741	29,968	1,009
Security, commodity brokers, and services	10,417,042	1,015,017	—	1,015,017	1,796	691	135	1,669	1,592	—
Insurance agents, brokers and services	91,028	190,558	—	190,558	104,038	25,813	30,345	922	46,535	3,176
Real estate	28,425	8,446	—	8,446	2,907	1,470	66	114	2	3
Holding and other investment companies except bank holding companies	16,824	8,518	—	8,518	3,294	582	45	461	—	—
Services	199,977	120,730	—	120,730	12,516	8,099	1,530	2,799	—	26
Hotels and other lodging places	706,657	287,997	76	288,073	81,091	11,823	1,181	24,940	19,647	14,846
Personal services	22,627	5,678	—	5,678	5,534	—	146	1,968	2,445	556
Business services	48,761	29,539	—	29,539	3,086	1,281	23	93	452	—
Auto repair	276,651	135,342	—	135,418	4,084	5,095	383	7,870	16,231	11,664
Amusement and recreational services	14,865	11,204	—	11,204	827	399	107	1,407	405	485
Other services	233,068	58,783	—	58,783	20,059	4,195	477	10,525	1,219	—
Foodstores at end of table	110,664	33,451	—	33,451	14,664	425	340	473	—	—

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major industry	Foreign income and taxes reported on Form 1118—Continued									
	Foreign taxes available for credit—Continued					Foreign tax credit computed				
	Paid or accrued—Continued		Deemed paid			Carryover			Income and taxes of related foreign corporations and DISC's	
	Partnership income	Other income	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)
All industries	123,054	2,346,140	12,094,868	5,278,923	21,415,963	1,843	21,414,121	28,200,799	16,459,170	5,802
Agriculture, forestry, and fishing	—	496	3,231	22,898	11,885	—	11,985	17,823	6,194	—
Mining	42,383	697,584	636,358	1,667,460	1,164,747	—	1,164,747	1,738,330	1,131,217	425,089
Metal mining	41,836	1,381	8,122	32,227	35,238	—	35,238	28,696	15,713	7,068
Coal mining	—	—	—	—	—	—	—	—	—	—
Oil and gas extraction	557	596,203	627,678	1,635,138	1,069,449	—	1,069,449	1,698,953	1,111,476	417,551
Nonmetallic minerals, except fuels	—	—	560	95	1,224	—	1,224	8,880	4,028	1,471
Construction	62,088	174	23,234	11,667	86,027	—	86,027	185,805	38,985	61,188
General building contracts and operative builders	61,344	174	14,385	3,894	58,464	—	58,464	38,547	12,900	25,648
Heavy construction contractors	—	—	14,263	7,763	16,509	—	16,509	111,134	19,035	34,709
Special trade contractors	—	—	586	9	1,053	—	1,053	116,124	15,051	834
Manufacturing	8,172	1,544,288	10,596,281	3,068,098	17,496,392	1,842	17,494,550	60,519,460	23,285,394	14,059,980
Food and kindred products	636	7,296	541,796	76,956	765,200	420	764,780	2,327,965	787,054	781,044
Tobacco manufactures	—	11,455	40,553	—	71,029	—	71,029	316,341	56,534	98,338
Textile mill products	144	85	19,897	4,712	25,251	—	25,251	163,078	57,449	28,920
Apparel and other textile products	24	312	7,511	314	13,669	—	13,669	68,451	21,044	18,192
Lumber and wood products	—	—	13,027	6,784	23,801	—	23,801	149,306	34,631	41,624
Furniture and fixtures	—	—	861	26	1,314	—	1,314	6,787	3,006	1,185
Paper and allied products	—	135	170,499	48,207	245,679	—	245,679	1,004,343	360,072	202,553
Printing and publishing	2,489	15,636	75,609	10,177	93,508	—	93,508	721,291	279,303	90,134
Chemicals and allied products	—	19,907	1,704,610	245,941	2,414,530	202	2,414,328	8,051,011	2,802,260	2,700,939
Petroleum (including integrated) and coal products	—	14,347,575	4,085,167	2,322,824	8,495,722	—	8,495,722	19,917,118	7,491,872	4,575,521
Rubber and miscellaneous plastics products	—	5,388	74,616	27,040	136,352	204	136,148	516,326	178,510	121,601
Leather and leather products	—	776	5,862	27	7,655	—	7,655	18,481	5,595	7,711
Stone, clay, and glass products	—	1,432	189,070	17,772	224,006	15	223,991	958,742	332,146	231,781
Primary metal industries	3,184	808	345,686	21,031	416,983	—	416,983	1,585,737	585,530	515,584
Fabricated metal products	1,369	27,717	1,665,872	49,417	2,259,524	131	2,259,393	10,042,424	4,535,903	1,995,511
Machinery, except electrical	6	11,806	292,821	66,643	539,654	16	539,638	2,043,309	713,915	508,044
Electrical and electronic equipment	—	4,374	729,331	83,133	970,229	—	970,229	8,677,048	3,546,122	1,228,671
Motor vehicles and equipment	225	372	142,558	17,365	213,206	—	213,206	780,431	252,235	243,626
Transportation equipment, except motor vehicles	40	664	336,482	9,601	405,543	851	404,692	2,188,793	918,426	468,896
Instruments and related products	—	—	—	—	—	—	—	—	—	—
Miscellaneous manufacturing products and manufacturing not allocable	9	294	40,068	10,869	50,833	3	50,830	192,978	70,252	56,117
Transportation and public utilities	2,275	134,002	129,965	84,199	354,738	—	354,738	945,333	248,071	352,688
Transportation	874	12,480	15,580	8,354	56,631	—	56,631	149,480	26,172	56,159
Water transportation	750	8,407	10,534	595	19,752	—	19,752	55,054	1,847	17,163
Other transportation	124	4,073	15,045	7,789	35,879	—	35,879	94,426	24,324	38,996
Communication	775	5,785	69,792	1,040	104,752	—	104,752	501,895	144,370	162,347
Electric, gas, and sanitary services	626	115,737	44,534	74,806	194,356	—	194,356	293,958	77,529	134,162
Wholesale and retail trade	1,087	8,867	340,314	143,708	482,407	1	482,406	2,147,959	653,041	696,028
Wholesale trade	1,035	6,120	199,064	86,045	300,619	1	300,619	1,148,407	307,764	407,406
Groceries and related products	—	11	4,497	103	5,764	—	5,764	11,897	5,065	6,061
Machinery, equipment, and supplies	—	1,480	7,864	6,714	12,595	—	12,595	39,855	14,947	15,282
Miscellaneous wholesale trade	1,035	4,639	185,703	79,228	282,260	1	282,260	1,096,656	287,752	386,083
Drugs, chemicals, and allied products	—	906	8,729	8,669	13,669	1	13,668	43,898	17,585	14,507
Petroleum and petroleum products	—	1,645	115,973	44,342	169,163	—	169,163	380,250	115,973	242,477
Other miscellaneous wholesale trade	1,035	2,089	61,002	26,217	96,389	—	96,389	692,537	154,254	129,699
Retail trade	52	2,547	141,250	57,662	181,788	—	181,788	999,552	345,277	288,622
Building materials, garden supplies, and mobile home dealers	—	—	—	106	199	—	199	732,221	226,842	184,065
General merchandise stores	—	944	69,966	31,165	83,070	—	83,070	129,872	56,518	73,199
Food stores	—	315	56,490	310	60,368	—	60,368	116,336	187	17,850
Apparel and accessory stores	—	1,033	1,170	—	2,117	—	2,117	85,257	37,165	24,424
Eating and drinking places	—	228	6,618	1,595	17,786	—	17,786	50,567	24,566	12,115
Miscellaneous retail stores	—	9	8,006	24,467	18,248	—	18,248	50,567	24,566	12,115
Finance, insurance, and real estate	4,145	44,878	287,437	194,017	1,616,278	—	1,616,278	2,294,388	662,603	678,383
Banking	438	22,885	129,298	65,123	1,328,811	—	1,328,811	1,463,116	446,682	406,200
Credit agencies other than banks	1,445	7,106	27,557	28,493	53,297	—	53,297	80,117	30,946	13,417
Security, commodity brokers, and services	2	81	3,234	1,346	10,177	—	10,177	74,976	10,137	13,417
Insurance carriers	1,947	12,599	35,707	50,813	139,915	—	139,915	170,865	55,523	6,289
Insurance agents, brokers and services	312	37	5,444	—	8,091	—	8,091	158,711	28,823	5,338
Real estate	—	2,208	3,635	1,589	6,458	—	6,458	14,454	6,188	1,680
Holding and other investment companies except bank holding companies	—	62	61,561	46,653	78,527	—	78,527	332,129	84,306	126,897
Services	2,893	15,951	92,106	84,876	203,391	—	203,391	545,145	177,204	181,949
Hotels and other lodging places	—	519	—	—	1,145	—	1,145	118,765	53,046	63,092
Personal services	—	1,205	19,304	7,150	21,741	—	21,741	213,414	78,848	79,854
Business services	672	3,569	44,589	45,340	93,181	—	93,181	181,500	32,464	44,881
Auto repair, miscellaneous repair services	137	1,077	17,573	21,111	56,762	—	56,762	179,160	32,464	44,881
Amusement and recreational services	—	2,084	7,656	11,131	20,973	—	20,973	26,972	—	—

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit
Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Foreign income and taxes reported on Form 1118—Continued										
Major industry	Income and taxes of related foreign corporations and DISC's—Continued					Income and taxes of related foreign corporations and DISC's—Continued				
	Taxes deductible paid by related foreign corporations	Dividends paid to related foreign corporations and DISC's	Dividends paid to second-tier foreign corporations by related foreign corporations	Gains, profits and income	Taxes paid on profits by related foreign corporations	Dividends constructively distributed to domestic corporations	Taxes deductible paid by related foreign corporations	Taxes deductible paid by related foreign corporations	Taxes deductible paid by related foreign corporations	Taxes deductible paid by related foreign corporations
(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	
All industries	4,389,878	5,617,042	255,088	7,241,862	1,879,031	3,070,724	391,245	1,320,467		
Agriculture, forestry, and fishing										
Mining	1,255	20,943	10,000	160,001	31,889	87,655	1,007	17,998		
Metal mining										
Coal mining										
Oil and gas extraction	1,255	20,943	10,000	160,001	31,889	87,655	1,007	17,998		
Nonmetallic minerals, except fuels										
Construction	21,314	30,171		38,378	4,868	13,119		1,968		
General building contracts and operative builders	11,486	*1,160								
Heavy construction contractors	19,829	29,011		38,378	4,868	13,119		1,968		
Special trade contractors										
Manufacturing	4,168,181	5,235,712	205,642	6,238,742	1,720,656	2,431,048	355,783	1,175,440		
Food and kindred products	185,337	360,448	85,670	442,677	122,316	203,209	44,000	121,380		
Tobacco manufactures	52,409	94,875		141,478	24,473	51,026	24,346	22,883		
Textile mill products	11	11		22,492	10,971	5,597		7,942		
Apparel and other textile products				9,362	530	4,601		208		
Lumber and wood products	1,530	2,430		140,532	31,467	39,304	1,530	11,141		
Furniture and fixtures	66,237	46,309	5,208	47,076	13,547	21,521	4,291	13,088		
Paper and allied products	3,580	3,762	3,088	23,784	13,473	9,535		9,535		
Chemicals and allied products	267,521	516,731	21,729	1,515,286	372,417	434,502	138,103	228,974		
Petroleum (including integrated) and coal products	3,107,907	3,434,118	6,414	1,233,890	372,417	434,502	79,230	187,875		
Rubber and miscellaneous plastics products	7,869	13,770		13,711	3,840	7,325		2,640		
Leather and leather products	3,075	3,750		1,822				119		
Stone, clay, and glass products	48,242	78,671	9,505	18,391	5,091	8,739	1,466	5,234		
Primary metal industries	8,772	15,565	743	67,487	2,029	42,914	295	2,649		
Fabricated metal products	46,334	98,320	53,785	67,325	29,043	33,729	29,335	22,879		
Machinery, except electrical	161,625	240,876	369	964,896	34,782	354,805	368	43,267		
Electrical and electronic equipment	64,276	101,028	12,506	31,915	70,584	103,039	7,898	25,924		
Motor vehicles and equipment	88,634	102,945	299	51,761	56,672	205,236	1,221	52,738		
Transportation equipment, except motor vehicles	32,963	55,010	5,766	102,720	35,067	29,584	7,415	18,633		
Instruments and related products	51,449	66,651	512	566,416	219,746	165,137	18,945	94,680		
Miscellaneous manufacturing products and manufacturing not allocable										
Transportation and public utilities	370	441	47	9,632	3,591	4,158	4	3,586		
Transportation	3,847	68,744	838	355,669	35,450	219,291	28,099	48,697		
Water transportation		6,972	634	55,478	3,903	18,945	264	2,689		
Other transportation				37,001	3,757			471		
Communication	3,647	6,972	634	18,478	2,224	15,197	264	2,219		
Electric, gas, and sanitary services	54,701	55,842	138	131,483	8,652	94,391	27,743	21,087		
Electric, gas, and sanitary services	3,525	6,980	66	168,607	22,995	105,935	92	22,921		
Wholesale and retail trade	73,390	97,058	19,317	263,416	40,902	185,158	5,998	36,423		
Wholesale trade	11,080	21,613	1,005	103,202	18,248	55,076	2,308	12,979		
Groceries and related products										
Machinery, equipment, and supplies										
Miscellaneous wholesale trade				19,204	6,501	9,190		4,719		
Drug, chemicals, and allied products	11,080	21,613	1,005	83,997	11,747	45,885	2,308	8,260		
Petroleum and petroleum products				65	21	44		21		
Other miscellaneous wholesale trade				*34,668	*3,808	*30,836		*3,808		
Retail trade	11,080	21,613	1,005	49,287	7,917	15,004	2,308	4,443		
Building materials, garden supplies, and mobile home dealers	62,310	75,446	18,312	160,215	22,254	130,600	3,690	23,443		
General merchandise stores										
Food stores	62,186	75,345	18,312	126,167	17,552	101,138	3,690	19,182		
Apparel and accessory stores				15,345	727	14,618		727		
Eating and drinking places				11,174	*24	*1,151		*24		
Miscellaneous retail stores	120	96		16,930	3,873	12,668		3,450		
Finance, insurance, and real estate	4			599	78	308		60		
Banking	56,341	151,648	18,641	172,379	40,266	117,232	378	37,287		
Credit agencies other than banks	2,225	7,323		91,235	18,722	65,541		17,492		
Security commodity brokers, and services	5	17		20,797	10,354	19,296		10,180		
Insurance carriers	1,521	1,521		1,111	2,656	609		609		
Insurance agents, brokers and services	925	2,943	284	73,727	32,920	24,989		7,640		
Real estate	26,548	87,139	7,725	1,473	167	616	136	225		
Holding and other investment companies except bank holding companies										
Services	25,118	42,906	9,541	14,298	2,687	4,723	241	1,140		
Hotels and other lodging places	7,345	12,564	1,250	23,378	5,390	17,223		4,654		
Personal services										
Business services	2,316	7,603	1,180							
Auto repair, miscellaneous repair services	4,971	4,628	70	4,664	2,312	1,586		1,577		
Amusement and recreational services										
Other services	58	333		6,902	768	6,134		768		
Other services				11,812	2,309	9,503		2,309		
* This estimate should be used with caution.										

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
Table 2.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Size of Total Assets

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of total assets	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Net income (less deficit)	Income subject to U.S. tax
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	4,809	4,338,015,288	2,381,758,510	14,854,208	4,856,896	3,882,572	12,094,902	138,927,478	132,953,823
Zero assets	86	—	14,504,099	54,819	20,542	45,028	54,264	1,685,990	1,619,117
\$1 under \$10,000,000	1,374	636,679	807,211	4,603	972	—	1,798	82,969	73,306
\$10,000,000 under \$100,000,000	1,217	4,670,240	6,721,629	26,766	10,888	4,791	18,811	617,601	542,458
\$100,000,000 under \$500,000,000	822	19,981,217	30,792,088	107,970	68,533	41,037	86,745	2,415,915	2,275,859
\$500,000,000 under \$1,000,000,000	258	18,856,761	26,223,154	71,702	103,087	23,894	52,732	2,095,187	1,959,845
\$1,000,000,000 under \$250,000,000	291	46,194,161	66,994,730	250,032	155,726	52,405	193,375	4,828,962	4,651,353
\$250,000,000 under \$500,000,000	171	62,550,929	81,150,234	327,504	214,983	62,733	228,649	5,319,840	5,137,551
\$500,000,000 under \$1,000,000,000	162	114,788,752	144,664,941	557,238	284,509	118,855	376,069	8,433,688	8,148,669
\$1,000,000,000 or more	429	4,070,356,550	1,989,888,428	13,253,775	3,999,456	3,533,809	11,082,439	113,447,335	108,545,585

Size of total assets	U.S. income tax before credits		Foreign tax credit claimed		U.S. possession tax credit		General business credit		Other credits		U.S. income tax after credits		Foreign income and taxes reported on Form 1118		
	Total		Regular and alternative tax										Gross income (less loss) excluding branch operations and specially allocable income		
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Total	59,508,965	58,451,950	21,407,265	12,333	9,104,476	1,391,254	27,593,637	85,453,725	20,834,778	12,094,872	38,447,474	56,958,916	27,593,637	85,453,725	20,834,778
Zero assets	799,949	713,872	147,458	—	46,858	5,235	600,297	772,187	99,647	54,264	743,811	713,872	600,297	772,187	99,647
\$1 under \$10,000,000	18,499	18,352	4,315	—	512	3	13,669	127,209	4,665	1,794	18,352	18,352	13,669	127,209	4,665
\$10,000,000 under \$100,000,000	221,743	219,955	34,687	1,087	14,111	5,153	166,705	331,394	33,907	18,789	221,743	219,955	166,705	331,394	33,907
\$100,000,000 under \$500,000,000	1,019,044	1,011,593	133,139	10,241	77,516	18,750	779,399	856,704	150,948	86,744	1,019,044	1,011,593	779,399	856,704	150,948
\$500,000,000 under \$1,000,000,000	872,851	866,371	119,354	10,241	74,875	18,206	659,616	633,320	100,732	52,749	872,851	866,371	659,616	633,320	100,732
\$1,000,000,000 under \$250,000,000	2,111,344	2,090,145	323,615	1,005	165,951	41,309	1,579,376	2,078,675	319,608	193,375	2,111,344	2,090,145	1,579,376	2,078,675	319,608
\$250,000,000 under \$500,000,000	2,295,193	2,277,588	357,297	—	258,696	41,925	1,637,274	1,395,864	418,425	228,649	2,295,193	2,277,588	1,637,274	1,395,864	418,425
\$500,000,000 under \$1,000,000,000	3,719,366	3,681,392	682,865	—	482,563	85,256	2,468,682	2,960,395	682,330	376,069	3,719,366	3,681,392	2,468,682	2,960,395	682,330
\$1,000,000,000 or more	48,451,175	47,572,563	19,823,866	—	7,963,294	1,175,397	19,686,618	78,299,977	19,024,548	11,082,442	48,451,175	47,572,563	19,686,618	78,299,977	19,024,548

Size of total assets	Gross income (less loss) excluding branch operations and specially allocable income—Continued		Total gross income (less loss) from extraction or off of gas		Total deductions excluding branch operations and specially allocable income		Total deductions from oil and gas extraction income		Before loss recapture		Taxable income (less loss)		Recapture of prior year foreign losses	
	Interest income		Other income						Total		Foreign branch income		Specialty allocable income (Section 863(b))	
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
Total	17,723,038	34,801,037	26,903,371	36,766,636	4,486,672	63,587,876	14,641,128	2,359,780	46,687,089	181,248	17,723,038	34,801,037	26,903,371	36,766,636
Zero assets	345,475	272,801	30,024	—	202,110	—	626,313	41,359	14,878	570,077	345,475	272,801	30,024	—
\$1 under \$10,000,000	116	120,634	—	—	92,452	—	34,756	—	—	34,756	116	120,634	—	—
\$10,000,000 under \$100,000,000	11,057	267,647	5,971	197,895	1,271	138,011	1,703	809	133,499	494	11,057	267,647	5,971	197,895
\$100,000,000 under \$500,000,000	38,204	580,806	109,074	431,150	48,655	462,548	29,098	7,895	425,554	4,207	38,204	580,806	109,074	431,150
\$500,000,000 under \$1,000,000,000	22,225	457,645	67,831	281,124	30,246	388,975	16,600	20,179	352,196	1,069	22,225	457,645	67,831	281,124
\$1,000,000,000 under \$250,000,000	75,003	1,488,590	585	1,295,041	46	942,871	29,303	31,333	781,634	1,114	75,003	1,488,590	585	1,295,041
\$250,000,000 under \$500,000,000	130,565	618,296	261,614	516,727	85,195	1,011,366	60,554	71,675	879,137	1,748	130,565	618,296	261,614	516,727
\$500,000,000 under \$1,000,000,000	271,155	1,830,844	199,657	1,175,237	68,549	2,068,203	210,149	102,896	1,785,158	4,861	271,155	1,830,844	199,657	1,175,237
\$1,000,000,000 or more	16,829,218	29,363,770	26,228,616	34,574,899	9,242,708	57,986,933	14,152,360	2,109,495	41,725,078	164,762	16,829,218	29,363,770	26,228,616	34,574,899

Size of total assets	Taxable income (less loss)—Continued		Foreign taxes available for credit		Total before reduction		Total after reduction		Paid or accrued on		Other income	
	After loss recapture		Total after reduction		Reduction for certain foreign taxes		Total before reduction		Total		Dividends	
	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)
Total	63,406,730	27,008,241	1,596,589	28,604,831	11,233,040	1,398,265	958,851	1,099,088	5,047,204	2,736,834	63,406,730	27,008,241
Zero assets	623,321	171,590	76	171,666	63,098	3,339	34,183	2,030	481	2,061	623,321	171,590
\$1 under \$10,000,000	34,756	17,189	—	17,189	4,902	421	8	1,802	—	1,802	34,756	17,189
\$10,000,000 under \$100,000,000	135,517	47,760	—	47,760	16,716	1,274	779	3,506	—	3,506	135,517	47,760
\$100,000,000 under \$500,000,000	458,341	198,208	1,268	199,476	80,859	9,447	2,370	11,961	14,723	14,723	458,341	198,208
\$500,000,000 under \$1,000,000,000	387,907	141,279	1,643	142,922	64,368	8,614	1,440	6,640	6,435	6,435	387,907	141,279
\$1,000,000,000 under \$250,000,000	841,757	409,472	74	409,546	166,147	23,439	3,405	13,854	28,553	28,553	841,757	409,472
\$250,000,000 under \$500,000,000	1,009,618	449,593	27,600	477,193	171,040	29,302	4,107	11,587	21,684	21,684	1,009,618	449,593
\$500,000,000 under \$1,000,000,000	2,063,342	843,496	19,350	862,846	394,141	51,654	7,799	22,979	64,695	64,695	2,063,342	843,496
\$1,000,000,000 or more	57,822,171	24,729,695	1,548,578	26,276,263	10,317,755	1,270,144	904,760	1,023,726	4,917,220	2,201,809	57,822,171	24,729,695

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
Table 2.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Size of Total Assets—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of total assets	Foreign income and taxes reported on Form 1118—Continued				
	Foreign taxes available for credit—Continued		Foreign tax credit computed		
	Total deemed paid	Carryover available for credit	Before reduction for international boycott operations	Reduction for international boycott operations	After reduction for international boycott operations
(40)	(41)	(42)	(43)	(44)	(45)
Total	12,094,888	5,276,923	21,418,983	1,843	21,414,121
Zero assets	54,264	54,304	147,458	—	147,458
\$1 under \$10,000,000	1,791	10,496	4,315	—	4,315
\$10,000,000 under \$100,000,000	18,789	10,253	34,687	—	34,687
\$100,000,000 under \$500,000,000	86,744	51,863	133,140	—	133,140
\$500,000,000 under \$1,000,000,000	52,749	25,805	119,954	—	119,954
\$1,000,000,000 under \$250,000,000	183,375	48,024	303,721	15	303,706
\$250,000,000 under \$500,000,000	228,649	77,504	357,297	—	357,297
\$500,000,000 under \$1,000,000,000	376,069	122,609	682,865	—	682,865
\$1,000,000,000 or more	11,082,442	4,876,065	19,632,527	1,827	19,630,700

NOTE: Detail may not add to totals because of rounding.

Corporate Foreign Tax Credit, 1984

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
 Table 3.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Type of Foreign Income for which Separate Credit was Computed

(All figures are estimates based on samples—money amounts are in thousands of dollars)

which Separate Credit was Computed										
[All figures are estimates based on samples—money amounts are in thousands of dollars]										
Type of foreign income for which separate credit was computed	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Net income (less deficit)	Income subject to U.S. tax	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Total	4,809	4,339,015,288	2,381,758,510	14,654,209	4,656,696	3,882,572	12,094,902	136,927,479	132,953,823	
Certain interest income	231	1,225,375,752	910,399,612	8,974,111	2,347,698	2,068,007	7,953,355	59,861,447	58,338,292	
Dividends received from DISC's	110	658,665,832	566,927,900	3,916,765	1,773,097	1,080,187	3,068,884	35,198,311	33,583,914	
All other foreign source income	4,716	4,294,486,953	2,350,933,127	14,653,855	4,847,182	3,881,052	12,094,778	136,532,784	132,504,054	
Foreign oil and gas extraction income	59	676,216,995	542,653,476	5,973,180	725,000	1,137,796	5,474,277	36,485,620	35,162,101	
Foreign income and taxes reported on Form 1118—Continued										
Type of foreign income for which separate credit was computed	U.S. income tax before credits					Gross income (less loss) excluding branch operations and specialty allocable income				
	Total	Regular and alternative tax	Foreign tax credit claimed	U.S. possession tax credit	General business credit	Other credits	U.S. income tax after credits	Total	Dividends	Dividend gross-up
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Total	59,508,965	58,451,950	21,407,285	12,333	9,104,476	1,391,254	27,593,637	85,453,725	20,834,778	12,094,872
Certain interest income	26,577,776	26,052,965	13,344,800	—	3,172,217	771,420	9,289,340	1,298,348	109,976	25,599
Dividends received from DISC's	15,559,635	14,684,024	6,489,213	12,333	2,310,511	335,467	5,924,444	1,716,894	1,709,109	7,785
All other foreign source income	59,305,455	58,250,845	21,403,346	—	9,900,049	1,390,618	27,439,108	82,438,483	19,015,694	12,061,787
Foreign oil and gas extraction income	17,580,409	15,462,714	10,876,032	—	1,526,076	137,197	3,239,104	28,214,058	7,776,393	5,457,315
Foreign income and taxes reported on Form 1118—Continued										
Type of foreign income for which separate credit was computed	Gross income (less loss) excluding branch operations and specialty allocable income—Continued			Total deductions from oil and gas extraction income	Taxable income (less loss)					
	Interest income	Other income	Total gross income (less loss) from extraction of oil or gas	Total deductions excluding branch operations and specialty allocable income	Total	Before loss recapture				
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)
Total	17,723,038	34,801,037	26,903,371	38,766,638	9,486,672	83,587,976	14,541,126	2,359,760	46,587,689	181,246
Certain interest income	1,163,073	—	—	297,667	—	1,000,682	—	—	1,000,682	51
Dividends received from DISC's	16,559,965	34,801,037	26,903,371	37,355	—	1,342,539	—	—	1,342,539	608
All other foreign source income	15,569,963	34,801,037	26,903,371	38,094,614	9,486,672	83,587,976	14,541,126	2,359,760	44,343,669	180,587
Foreign oil and gas extraction income	1,149,961	13,830,369	26,903,371	10,804,602	9,486,672	17,416,699	7,255,966	166,042	17,409,456	73,967
Foreign income and taxes reported on Form 1118—Continued										
Type of foreign income for which separate credit was computed	Foreign taxes available for credit									
	Taxable income (less loss)—Continued				Paid or accrued on					
	After loss recapture	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Other income
	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
Total	63,406,730	27,008,241	1,590,589	28,604,831	11,233,040	1,398,265	958,851	1,098,086	5,047,204	2,730,434
Certain interest income	1,000,630	83,684	—	83,664	57,399	289	57,110	—	—	—
Dividends received from DISC's	1,341,931	8,182	—	8,182	133	133	133	—	—	—
All other foreign source income	61,064,169	26,916,395	1,590,589	28,512,985	11,175,508	1,397,843	901,742	1,098,086	5,047,204	2,730,434
Foreign oil and gas extraction income	24,757,496	14,562,225	1,536,755	16,140,413	5,431,805	402,168	60,160	650,593	3,831,239	2,062,940
Foreign income and taxes reported on Form 1118—Continued										
Type of foreign income for which separate credit was computed	Foreign taxes available for credit—Continued				Foreign tax credit computed					
	Total deemed paid	Carryover available for credit	Before reduction for international boycott operations	Reduction for international boycott operations	After reduction for international boycott operations	After reduction for international boycott operations	After reduction for international boycott operations	After reduction for international boycott operations	After reduction for international boycott operations	After reduction for international boycott operations
	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
Total	12,094,888	5,276,923	21,415,963	1,843	—	—	—	—	—	21,414,121
Certain interest income	25,299	966	76,977	—	—	—	—	—	—	—
Dividends received from DISC's	7,765	264	8,057	—	—	—	—	—	—	—
All other foreign source income	12,061,783	5,275,693	21,330,929	—	—	—	—	—	—	—
Foreign oil and gas extraction income	3,611,604	590,525	10,829,795	—	—	—	—	—	—	—

NOTE: The data in columns 1-16 pertain to the total activity of the domestic parent corporation. Since many corporations compute a foreign tax credit for more than one type of foreign income, the data in these columns are not additive. The data in columns 17-21, 23, 26-31, 33, 35-39, and 42 of the foreign oil and gas extraction income line represent the amounts of total all other foreign source income and tax for those corporations reporting foreign oil and gas extraction income and tax. Form 1118 detail may not add to totals because of rounding.

Corporate Foreign Tax Credit, 1984
 RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends

(Money amounts are in thousands of dollars)

Income and taxes paid on all sources										
Country and DISC dividends	Number of returns	Total assets	Net income (less deficit)	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before credit	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
All geographic areas, total	782	4,247,096,231	127,200,863	121,831,785	63,531,563	20,664,028	61,096,802	10,832,837	11,887,156	1,893,239
Canada	587	3,775,718,934	117,217,816	112,060,793	48,138,062	10,151,443	58,879,708	10,378,933	11,885,546	1,641,785
Latin America, total	492	3,731,842,323	106,897,847	106,106,115	48,878,797	18,869,069	58,772,340	10,328,858	11,339,469	1,538,184
Mexico	402	3,389,513,149	96,434,260	96,188,232	42,262,840	10,509,263	54,919,739	9,606,400	10,518,857	1,423,577
Central America, total	230	2,838,838,886	84,896,203	82,496,378	38,051,415	16,998,230	49,758,189	8,749,389	9,555,059	1,218,485
Honduras	79	1,742,851,071	42,427,448	40,944,052	22,187,158	11,324,104	32,653,417	5,749,329	6,734,802	984,405
Panama (including Canal Zone)	179	2,491,717,367	75,011,844	72,609,013	31,703,013	14,463,777	43,215,629	7,100,567	8,557,094	1,381,757
Caribbean countries, total	241	2,685,924,700	83,531,865	80,911,332	35,584,112	17,030,425	48,803,227	8,795,697	9,694,346	1,273,544
Cayman Islands (British)	21	1,970,083,894	53,878,225	51,679,637	22,749,802	12,632,548	37,090,165	7,172,664	7,669,202	1,143,877
Dominican Republic	103	1,884,002,865	57,969,873	55,327,241	24,022,599	12,247,360	35,377,359	5,463,013	7,659,868	1,091,243
Trinidad and Tobago	103	1,714,713,544	56,029,201	54,697,061	23,073,714	12,890,000	35,573,333	6,492,323	7,153,557	628,365
South America, total	410	3,468,021,384	103,807,366	100,475,948	44,064,847	18,511,847	57,141,209	10,324,627	11,039,248	1,525,628
Argentina	21	2,916,965,555	84,799,885	82,372,076	37,026,855	15,256,278	49,706,878	8,594,847	9,740,276	1,200,153
Brazil	304	3,215,615,521	92,067,196	89,680,559	39,304,274	15,971,515	52,971,550	9,175,915	10,429,276	1,305,087
Chile	172	2,575,245,666	77,077,175	75,285,279	29,256,257	15,759,968	40,058,739	8,361,803	8,780,041	1,182,090
Colombia	191	2,684,385,562	80,813,847	78,124,266	40,444,052	18,538,578	48,196,718	8,856,654	9,778,416	1,261,561
Ecuador	140	2,280,462,029	71,771,876	69,832,416	30,697,561	15,967,876	44,447,563	8,279,146	8,948,347	1,237,930
Peru	176	2,649,277,567	78,877,239	74,338,336	32,679,266	16,845,851	47,901,294	8,706,185	9,348,602	1,331,438
Venezuela	284	2,967,272,498	90,674,941	87,626,433	38,612,443	17,996,526	52,438,346	9,533,323	10,251,964	1,504,505
Other Western Hemisphere, total	314	3,270,009,198	87,915,132	84,215,824	41,328,717	18,837,965	55,152,462	8,886,709	10,659,829	1,506,948
The Bahamas	20	2,282,146,861	61,626,382	59,933,902	26,200,174	13,573,828	40,469,161	7,448,345	7,996,292	1,122,564
Netherlands Antilles	202	2,733,167,000	76,345,281	73,911,526	32,242,128	15,000,710	44,159,400	7,531,987	8,126,116	1,234,240
Europe, total	537	3,715,251,971	112,824,053	108,769,105	47,834,829	18,640,109	58,640,135	10,438,345	11,557,488	1,534,126
Common Market countries, total	533	3,684,117,825	111,768,441	107,703,344	47,289,709	18,187,891	56,367,596	10,344,294	11,538,947	1,508,216
Belgium	246	2,889,159,670	87,820,068	85,597,427	37,450,316	18,026,280	49,706,878	8,594,847	9,740,276	1,200,153
France (including Andorra)	316	3,062,285,580	93,349,344	90,503,383	39,184,429	16,748,022	50,123,205	7,745,877	10,375,565	1,190,644
Greece	101	1,132,172,798	39,327,241	38,022,589	15,241,437	7,377,201	32,641,437	5,105,693	5,619,864	1,018,214
Ireland	120	1,992,641,391	60,260,322	59,060,339	28,009,323	12,399,033	48,009,323	8,204,093	8,204,093	1,263,396
Italy (including San Marino)	300	3,062,304,944	93,260,539	90,416,639	39,563,717	18,005,418	52,622,821	9,406,623	10,190,377	1,396,033
Luxembourg	53	1,474,281,459	51,369,374	50,235,051	13,550,058	8,905,113	34,077,022	4,584,714	5,105,693	513,456
Netherlands	264	2,881,588,627	86,387,560	84,007,963	36,770,274	17,475,774	50,233,834	8,935,226	10,079,439	1,299,445
United Kingdom	427	3,482,222,176	107,981,590	104,238,796	45,768,027	19,874,413	58,919,578	10,222,407	11,431,155	1,499,768
West Germany	331	3,086,807,043	96,568,485	93,518,133	40,944,052	17,686,003	52,483,200	8,907,076	10,095,279	1,252,787
Other West European countries, total	386	3,436,599,656	102,512,787	99,318,002	43,571,400	19,714,031	57,753,912	10,234,225	11,196,534	1,507,848
Austria	133	1,949,486,314	62,842,804	60,948,781	26,750,774	13,915,878	39,968,323	6,961,274	7,519,722	1,041,657
Finland	118	1,825,152,581	54,623,453	53,479,897	27,551,148	12,093,977	37,588,866	6,170,749	7,524,869	959,840
Norway	148	1,924,688,335	66,124,466	64,948,781	32,024,472	12,898,064	48,054,732	8,265,530	9,067,557	1,068,977
Sweden	265	3,132,676,340	89,994,155	86,996,739	37,819,713	17,627,791	52,093,337	9,914,580	10,181,421	1,274,576
Switzerland	179	2,525,043,739	71,919,825	70,189,825	31,325,783	14,655,358	43,739,813	7,086,657	8,086,186	1,139,748
Turkey	246	2,843,416,338	86,541,863	84,364,394	39,833,323	17,666,342	50,332,083	8,710,008	10,332,651	1,276,299
East European countries, total	112	1,756,323,950	63,358,829	61,739,007	27,266,588	13,925,581	39,062,616	7,959,025	7,462,710	1,317,483
Africa, total	309	3,080,723,690	97,123,822	94,272,438	41,718,760	18,424,100	54,484,006	9,985,897	10,474,232	1,500,296
North Africa, total	135	2,374,007,341	72,633,548	70,426,185	31,099,907	16,174,604	45,251,006	9,191,261	9,584,482	1,188,173
Egypt	102	2,071,411,339	62,701,460	60,669,146	28,786,362	14,170,789	40,846,844	7,230,169	7,780,604	1,018,214
Libya	24	1,687,743,806	35,421,882	34,286,726	15,848,740	7,850,211	29,438,086	4,941,911	5,429,475	706,565
East Africa, total	104	1,470,120,251	49,666,092	48,332,302	21,628,151	10,287,330	37,705,353	7,260,153	7,564,948	1,050,217
West and Central African countries, total	126	2,248,029,320	70,514,427	68,817,955	30,425,006	15,450,065	42,915,362	8,965,908	8,851,390	289,775
Gabon	20	1,067,606,306	39,844,006	38,947,952	17,267,649	11,285,860	29,628,817	5,206,825	6,101,673	1,000,762
Guinea	63	1,417,650,136	42,866,701	42,536,744	19,008,480	11,789,444	31,307,639	6,685,777	6,903,498	105,156
Zambia	22	1,103,943,677	36,527,539	35,629,366	16,009,366	8,283,368	27,446,000	5,172,661	5,722,661	77,005
South America, total	249	2,630,707,454	80,623,923	78,623,923	36,240,238	15,099,595	47,240,318	8,502,568	10,029,644	1,337,467
South Africa (includes Namibia)	204	2,479,502,345	83,886,519	81,756,135	36,665,170	19,345,025	46,007,603	7,930,909	9,983,955	1,337,467
South Africa (excludes Namibia)	24	1,660,156,640	32,566,984	32,566,984	14,662,999	7,820,474	22,145,029	3,495,558	4,998,527	218,938
Asia, total	509	3,884,166,840	113,142,995	109,841,889	47,925,348	20,325,087	59,415,845	10,612,438	11,407,023	1,372,185
Asia Pacific, total	241	3,649,651,609	109,841,889	106,650,720	47,925,348	20,325,087	59,415,845	10,612,438	11,407,023	1,372,185
India	29	1,067,114,451	45,517,762	45,167,762	20,358,273	9,403,777	49,618,878	8,745,429	9,742,674	1,088,801
Iran	25	1,954,909,418	58,738,411	58,492,470	24,215,536	11,381,248	33,728,816	5,174,807	5,173,140	560,557
Israel	11	1,238,720,005	36,731,571	36,731,571	17,799,188	8,396,545	29,332,383	5,652,927	5,652,927	562,508
Japan	25	1,079,735,465	37,852,852	37,163,075	16,173,055	9,843,763	28,351,039	4,474,954	4,987,487	461,474
South Korea	125	1,715,325,056	57,953,342	55,930,446	24,637,675	13,135,465	37,009,486	6,655,765	7,814,640	1,152,239
United Arab Emirates	65	1,688,622,101	51,942,551	50,020,033	22,288,368	10,037,570	29,804,467	6,769,070	7,441,005	774,935
South and Southeastern Asia, total	339	3,198,627,767	99,893,142	96,981,170	42,382,141	19,437,674	56,207,128	10,208,261	10,821,626	1,534,584
India	155	2,153,645,922	75,547,821	73,819,032	32,666,653	16,438,142	45,566,156	8,886,836	9,062,163	1,408,863
Indonesia	143	2,212,987,632	66,514,812	64,563,310	27,047,487	13,583,402	43,838,509	8,667,294	9,343,709	1,349,709
Malaysia	127	1,985,339,356	62,581,571	60,715,829	28,518,328	14,015,233	36,752,927	6,585,927	7,203,203	1,048,528
Philippines	196	2,701,061,454	81,783,783	78,793,242	34,468,502	16,874,132	43,885,081	8,714,815	8,578,943	2,776,700
Singapore	165	2,786,058,511	78,934,368	76,934,368	35,215,176	17,073,058	49,720,165	8,875,555	9,713,563	1,324,763
Thailand	145	2,203,344,343	65,694,034	63,766,000	28,615,616	13,866,647	35,149,383	6,866,947	7,380,755	1,308,705
Eastern Asia, total	466	3,561,577,034	110,382,867	106,385,861	46,762,212	19,824,011	57,781,753	10,154,285	11,042,825	1,531,224
Hong Kong	100	1,560,967,424	44,760,204	43,798,318	17,176,931	9,857,117	28,541,204	5,429,322	5,429,322	1,414,542
China	204	2,534,190,296	67,620,549	65,120,722	28,221,726	13,221,726	36,908,996	6,145,816	6,145,816	1,465,816
China (Hong Kong, Peking)	43	473,983,316	10,844,361	10,036,427	45,696,417	19,266,819	46,586,807	9,482,940	11,223,362	1,334,199
Taiwan	181	2,472,610,344	79,366,465	76,366,465	39,398,736	18,444,002	42,562,902	7,438,352	8,942,383	1,260,603
Republic of Korea	165	2,533,274,675	67,722,022	65,722,022	31,176,812	15,445,952	34,546,110	6,862,923	7,380,755	1,308,705
Oceania, total	395	3,348,116,096	103,782,767	100,371,474	46,057,288	19,237,446	58,922,532	9,865,331	11,560,790	1,323,496
Australia	276	3,381,067,189	101,972,881	99,901,468	43,388,861	19,011,082	53,923,441	9,822,434	11,012,143	1,323,496
New Zealand	187	2,112,655,509	77,563,334	75,245,566	33,252,386	16,260,896	45,043,395	8,037,870	8,915,013	216,738
Puerto Rico and U.S. Possessions, total	256	2,840,081,898	82,870,712	80,093,874	34,894,221	16,124,712	45,968,228	7,852,292	8,670,478	1,283,262
Puerto Rico	243	2,595,287,569	80,028,888	77,236,562	34,640,971	15				

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

(Money amounts are in thousands of dollars)

Country and DISC demands	Income and taxes from all sources—Continued			Income and taxes from specific geographic area or country						
	Carryover	Before reduction for nonqualifying operations	Reduction for nonqualifying operations	Gross income excluding branch operations and specially allocable income (less loss)						
				Total	Dividends	Dividend gross-up	Interest	Rents, royalties and license fees	Service income	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
All geographic areas, total	9,076,178	20,872,889	1,827	20,866,238	20,135,302	11,987,150	17,320,958	9,213,891	5,181,153	
Canada	4,444,377	20,160,103	1,827	2,437,378	1,818,238	1,617,138	816,142	328,223		
Latin America, total	4,378,337	19,947,423	1,827	11,948,878	1,994,828	829,811	5,614,337	422,627	967,472	
Mexico	3,153,499	16,516,718	1,827	2,180,929	174,814	66,362	1,549,663	170,131	69,137	
Central America, total	2,825,780	17,005,968	1,808	1,892,791	670,410	153,001	187,724	39,435	766,622	
Honduras	2,823,783	11,324,437	333	309,089	3,423	2,354	5,354	2,163	277,580	
Panama (including Canal Zone)	2,829,848	14,471,175	1,769	1,234,819	645,067	141,448	99,921	22,354	311,893	
Caribbean countries, total	3,910,576	17,207,865	1,811	2,047,723	154,857	18,882	544,707	15,306	306	
Cayman Islands (British)	2,807,989	12,633,738	1,190	2,807,989	126,517	13,806	476,689	13,806	476,689	
Dominican Republic	1,176,912	12,245,930	1,565	363,663	667	65	20,365	3,970	13,823	
Dominican Republic—Trinidad and Tobago	2,288,893	12,696,876	1,187	1,276,361	2,723	2,104	5,247	6,845	2,994	
South America, total	4,263,405	19,519,404	1,827	5,612,549	994,641	51,562	2,522,620	206,577	150,926	
Argentina	4,005,658	18,291,291	1,827	4,180	419,746	68,326	16,612	16,612	16,612	
Brazil	3,947,983	10,082,693	1,449	2,525,103	675,507	483,520	1,189,702	56,325	16,862	
Chile	2,730,104	15,785,985	1,358	2,052,582	30,343	17,737	18,947	4,013	4,013	
Colombia	3,894,161	16,939,680	1,402	360,252	68,941	34,937	83,577	23,152	39,280	
Ecuador	3,710,370	15,780,052	1,200	509,692	49,325	3,324	65,041	8,933	11,185	
Peru	3,868,782	16,547,017	1,798	387,159	14,253	8,608	8,608	8,608	3,736	
Venezuela	4,023,413	18,003,296	1,444	596,452	69,448	39,314	363,362	22,081	32,366	
Other Western Hemisphere, total	4,163,826	18,846,981	1,811	3,543,483	1,823,203	194,398	1,589,448	11,677	34,098	
The Bahamas	2,698,202	13,579,984	717	1,435,336	84,741	28,862	1,302,299	2,420	7,910	
Netherlands Antilles	3,648,794	15,013,515	541	1,845,709	1,359,517	161,681	94,362	3,131	14,847	
Europe, total	4,638,178	20,379,494	1,827	29,235,883	6,028,517	6,827,747	4,615,488	5,126,090	1,007,270	
Common Market countries, total	4,402,604	20,205,217	1,827	23,598,475	7,001,220	5,897,529	3,426,196	3,367,268	829,804	
Belgium	2,815,094	16,938,994	1,785	862,562	280,515	193,108	221,534	170,838	10,491	
France (including Andorra)	2,827,209	12,754,476	1,827	1,971,596	412,571	361,572	374,079	623,975	33,837	
Germany	2,815,094	15,542,825	1,388	1,354,881	6,622	2,331	37,166	11,229	19,618	
Ireland	3,610,658	14,740,900	1,069	180,014	1,363,824	323,016	208,648	372,469	118,653	
Italy (including San Marino)	3,093,591	19,012,458	1,411	1,363,824	323,016	208,648	372,469	118,653	118,653	
Luxembourg	3,900,785	17,483,052	1,581	1,668,257	641,888	153,246	358,411	22,011	5,618	
Netherlands	4,242,998	19,891,538	1,827	12,709,826	3,677,070	3,618,085	1,885,234	1,022,564	434,352	
United Kingdom	3,048,534	17,963,459	1,827	2,934,752	918,784	900,016	284,526	772,333	108,875	
West Germany	3,438,207	19,721,483	1,827	4,908,310	1,027,054	510,198	944,326	1,724,718	173,795	
Other West European countries, total	2,405,651	13,917,438	1,564	1,891,117	47,215	37,465	44,515	48,123	5,796	
Austria	2,208,120	12,684,311	333	1,444,558	38,460	29,987	50,034	1,884	1,884	
Norway	2,763,510	14,948,863	336	2,131,350	66,873	39,864	328,719	126,644	64,324	
Spain	3,959,270	17,635,007	1,617	651,629	136,217	63,341	228,799	108,863	11,445	
Sweden	2,680,982	14,856,763	1,405	421,039	87,148	38,091	132,966	112,490	16,629	
Switzerland	3,920,499	17,583,750	1,749	1,177,131	606,895	248,947	75,367	18,947	62,516	
Turkey	2,232,010	13,096,799	349	173,635	22,075	49,657	60,653	8,572	4,834	
East European countries, total	2,629,953	13,929,415	205	173,763	63	—	117,277	34,104	1,661	
Africa, total	4,227,372	19,167,471	1,818	4,067,478	861,773	317,834	251,207	131,864	145,189	
North Africa, total	3,961,184	16,175,172	537	2,159,443	65,263	11,095	79,540	17,235	102,660	
Egypt	2,645,788	14,470,979	333	1,581,415	15,101	7,395	38,529	36,890	36,890	
Libya	1,665,989	8,514,848	131	451,973	—	—	—	—	—	
East Africa, total	3,518,773	15,288,512	982	2,244,365	291,060	73,272	104,007	6,002	21,779	
Gabon	3,671,072	15,456,261	626	1,044,365	291,060	73,272	104,007	6,002	21,779	
Nigeria	3,322,638	11,795,205	323	1,044,365	291,060	73,272	104,007	6,002	21,779	
Zaire	2,925,038	10,230,025	456	64,882	46,271	3,394	7,065	—	—	
South Africa (includes Namibia)	2,823,261	16,401,802	1,818	964,572	178,882	201,337	80,148	100,039	9,077	
Zimbabwe	887,812	1,921,660	1,186	13,761	5,845	435	352	369	—	
Asia, total	4,969,849	20,242,208	1,827	14,825,899	3,985,920	1,801,808	2,317,880	2,068,980	1,378,777	
Middle East, total	4,440,559	17,357,184	1,369	4,990,475	445,793	15,008	262,745	540,669	459,399	
Iran	2,335,294	11,480,777	1,369	11,763	2,870	1,195	439	1,067	80	
Israel	1,294,300	11,388,266	1,368	130,152	11,354	5,943	77,719	24,477	2,294	
Kuwait	2,245,242	9,802,612	—	31,363	696	2	9,309	4,483	9,243	
Oman	745,898	9,463,763	—	14,406	4,019	4,167	97	924	2,110	
Saudi Arabia	2,920,399	13,141,633	536	3,993,522	402,989	2,274	40,900	487,764	314,119	
United Arab Emirates	2,224,677	13,093,409	202	733,809	86	24,924	928	121,690	829	
Southern and Southeastern Asia, total	4,298,181	19,445,160	1,788	4,142,557	1,065,480	617,480	594,763	160,280	455,138	
India	2,824,805	16,437,415	1,273	2,002,066	14,834	22,664	10,929	109,123	114,175	
Indonesia	3,815,681	15,564,569	1,237	2,435,631	720,645	467,886	74,474	20,104	114,175	
Malaysia	2,780,241	14,178,174	1,782	1,685,515	54,911	43,204	46,548	14,573	50,340	
Philippines	3,880,084	16,075,972	1,769	350,119	12,582	4,685	127,031	30,857	108,868	
Singapore	3,880,084	17,075,395	1,781	715,673	260,080	57,017	253,038	49,907	40,350	
Thailand	2,948,817	14,614,172	1,766	200,968	37,608	22,628	50,615	24,210	55,335	
Eastern Asia, total	4,305,310	19,881,458	1,827	5,625,636	1,102,747	869,118	1,416,020	1,365,979	454,920	
China	3,330,444	18,827,586	409	50,413	133	—	19,087	19,087	19,087	
Hong Kong	2,862,799	15,778,645	1,581	703,763	800,108	821,753	1,213,940	259,699	48,400	
Japan (Oman, Ryukyu)	1,199,612	19,034,076	1,827	4,047,125	703,763	800,108	821,753	1,213,940	259,699	
South Korea	2,614,097	14,473,735	1,243	118,586	18,120	303,223	46,400	26,612	82,328	
Taiwan	2,893,480	16,233,985	1,382	56,711	12,760	68,638	36,879	82,328	82,328	
Oceania, total	4,144,135	19,544,068	1,827	2,004,214	406,145	388,120	382,608	340,579	82,138	
Australia	4,143,154	19,543,154	1,450	1,964,255	389,254	371,523	236,045	297,955	65,343	
New Zealand	2,948,300	16,262,302	1,604	122,771	19,884	16,472	22,497	42,266	8,176	
Puerto Rico and U.S. Possessions, total	2,842,714	16,131,991	1,581	1,331,824	263,740	27,174	98,889	36,600	262,997	
Puerto Rico	2,825,356	15,924,705	1,581	1,106,549	199,062	26,315	91,270	49,175	240,547	
U.S. Possessions, total	1,165,597	11,750,177	1,181	14,644	659	7,391	7,424	22,445	22,445	
Country not stated	4,105,013	19,306,969	1,824	3,710,118	241,812	4,354	1,464,309	225,121	1,044,194	
DISC dividends	878,214	8,482,837	1,229	1,686,074	1,678,888	7,387	—	—	—	
OPEC countries, total (includes above)	4,768,843	19,291,808	1,447	9,236,597	1,398,165	582,010	585,184	657,408	891,588	

Footnotes at end of table

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

(Money amounts are in thousands of dollars)

Country and DISC demands	Income and taxes from specific geographic area or country—Continued								
	Gross income (less loss) from operations and security allocable income (less loss) —Continued				Oil and gas extraction gross income (less loss)				
	Net capital gain	Partnership income	Other income	Total	From extraction of oil or gas	From sale of business assets	Dividends from foreign corporations	Income of controlled foreign corporations	Partnership income
(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
All geographic areas, total	743,295	300,502	18,174,309	26,489,688	18,334,888	91,691	7,688,841	2,773	-108,007
Canada	81,075	196,235	1,084,419	1,807,929	1,317,187	48,893	440,998	2,799	-
Latin America, total	-4,684	20,393	2,874,984	2,855,221	2,130,458	1,812	24,171	-	-
Mexico	-7,568	11,699	149,891	(7)	-	-	24,171	-	-
Central America, total	294	1,822	74,480	23,807	-289	-	-	-	-
Honduras	-13	11	11,737	-	-1	-14	24,171	-	-
Paraguay (including Central Zone)	1,909	37	12,569	24,086	-85	-	-	-	-
Caribbean countries, total	2,725	469	1,290,005	1,114,871	1,112,685	2,186	-	-	-
Cayman Islands (British)	1	722	-	-	-	-	-	-	-
Czechoslovak Republic	21	68	21,155	-2	-	-	-	-	-
Trinidad and Tobago	2,669	193	1,243,608	1,114,897	1,112,686	2,211	-	-	-
South America, total	-1,584	7,636	1,156,647	1,016,483	1,017,643	-1,160	-	-	-
Argentina	-8,334	549	159,222	96,932	97,852	-720	-	-	-
Brazil	3,032	-1,040	101,045	-11,806	-11,804	-	-	-	-
Chile	4,669	103	1,563	19	18	-	-	-	-
Colombia	-8,885	831	148,987	212,451	212,584	-143	-	-	-
Equator	-290	108	373,725	358,022	358,012	-191	-	-	-
Peru	-218	-146	205,829	319,495	319,505	-	-	-	-
Venezuela	986	7,700	81,196	2,382	2,375	7	-	-	-
Other Western Hemisphere, total	782	320	-79,471	-87,880	-87,882	-	402	-	-
The Bahamas	-	-	41,963	2,396	2,396	-	-	-	-
Netherlands Antilles	637	82	11,431	-	-	-	-	-	-
Europe, total	-11,246	-35,701	3,884,325	12,390,329	8,507,174	6,412	5,882,848	117	-18,122
Common Market countries, total	99,187	-18,043	2,905,725	8,699,504	7,831,269	5,400	5,885,247	-	-
Belgium	-177,825	523	127,400	-	-	-	-	-	-
France (including Andorra)	-18,470	1,620	115,932	24,938	25	-6	24,919	-	-
Greece	-	-	258,922	(1)	-	-	-	-	-
Italy (including San Marino)	-2	26	45,174	-698	-	-	-	-	-
Luxembourg	-805	1,449	39,278	-2,108	-2,002	-106	-	-	-
Netherlands	375,137	-4138	369,177	1,290,044	148,541	5,689	669,499	-	-
United Kingdom	-5,894	-586	1,884,872	7,053,990	2,335,748	-97	4,717,325	-	-
West Germany	-47,189	-6,482	45,996	293,626	332	-	253,304	-	-
Other West European countries, total	11,756	-16,790	531,208	3,686,891	3,663,961	-68	17,800	17	-12,610
Austria	194	-21	6,622	17,610	10	-	17,800	-	-
Denmark	-38	-356	3,128	-	-	-	-	-	-
Finland	-367	-4,542	391,324	3,557,201	3,563,438	-2	-	-	-
France	-19,007	-5,616	25,487	92,944	99,380	-86	-	-	-
Sweden	23,062	-3,038	33,687	-	-	-	-	-	-
Switzerland	2,615	6	33,556	-	-	-	-	-	-
Turkey	6,613	-1,391	26,705	21,138	21,138	-	-	-	-
East European countries, total	405	91	20,102	-6,780	-6,780	-	-	-	-
Africa, total	8,711	18,389	2,632,004	3,509,171	3,308,491	3,284	172,708	-	34,709
North Africa, total	7,870	-3,246	1,878,806	2,301,964	2,268,843	542	5,632	-	-
Egypt	38	-15	1,473,895	1,437,290	1,431,480	542	5,632	-	-
Libya	-37	(7)	406,072	844,418	844,403	15	5,632	-	-
East Africa, total	-1,327	29	6,372	561	497	63	-	-	-
West and Central African countries, total	1,821	21,174	734,871	1,206,646	1,009,151	2,659	166,878	27,959	-
Gabon	269	27,963	65,816	92,183	61,744	2,483	166,878	27,959	-
Nigeria	269	47	151,169	171,178	161,983	269	166,878	27,959	-
Zaire	-1	-13	2,762	95,480	95,480	-	-	-	-
South Africa (includes Namibia)	1,950	431	12,954	-	-	-	-	-	-
South Africa (excludes Namibia)	1,993	343	12,719	-	-	-	-	-	-
Malawi	-	89	168	-	-	-	-	-	-
Asia, total	122,397	71,232	4,887,138	4,891,218	3,796,541	-4,300	683,843	-	-118,868
Middle East, total	2,687	197,045	3,057,130	1,379,249	1,379,249	-35	8,186	-	-
Iran	873	13	5,146	558	568	-	-	-	-
Israel	368	493	7,734	-	-	-	-	-	-
Qatar	2,092	70	7,601	8,186	8,186	-	-	-	-
Saudi Arabia	2,962	16	5,065	8,186	8,186	-	-	-	-
United Arab Emirates	3,057	166	2,445,163	376,281	376,281	-	-	-	-
Southern and Southeastern Asia, total	2,992	-447	565,109	994,526	994,581	-35	-	-	-
India	12,038	-127,829	1,324,310	3,142,865	2,368,861	-4,296	875,117	-	-
Indonesia	3,546	66	14,364	-8,937	-8,937	-	-	-	-
Malaysia	-1,084	-126,658	1,166,078	2,439,095	1,694,945	-4,102	875,117	-	-
Philippines	1,956	2,640	1,672	691,705	691,705	-	-	-	-
Singapore	-443	640	65,848	22,583	22,583	-	-	-	-
Thailand	5,994	-4,803	54,170	8,607	8,607	-	-	-	-
Sri Lanka	2,043	7	7,334	-28,556	-28,556	-77	-	-	-
Eastern Asia, total	107,792	2,216	296,833	39,546	37,006	-	2,540	-	-
China	3,442	-1,142	4,194	-274	-274	-	-	-	-
Hong Kong	4,051	-174	59,578	-	-	-	-	-	-
Japan (China, Republic of)	77,224	3,252	170,458	41,850	39,298	-	-	-	-
South Korea, Republic of	13,276	57	53,135	-2,010	-2,010	-	-	-	-
Taiwan	9,361	122	9,126	-	-	-	-	-	-
Oceania, total	403,279	-835	118,881	2,574,827	2,375,097	-170	-	-	-
Australia	403,393	-1,091	99,192	2,375,318	2,375,488	-170	-	-	-
New Zealand	-102	258	13,927	-363	-363	-	-	-	-
U.S. Possessions, total	-	-	-	-	-	-	-	-	-
Puerto Rico	1,454	-1,689	522,893	-	-	-	-	-	-
U.S. Possessions, total	1,461	-2,744	513,429	-	-	-	-	-	-
U.S. Possessions, total	-7	1,005	9,164	-	-	-	-	-	-
Other countries, total	18,918	31,969	678,337	-11,323	-11,887	480	872	-	-718
OECD countries, total (including above)	-	-	-	-	-	-	-	-	-
Non-OECD countries, total (including above)	-	-	-	-	-	-	-	-	-
Income and taxes from all sources	1,442	102,856	8,387,264	8,831,509	4,879,405	-1,957	1,050,180	-	-92,180

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

Country and DSO owners	Income and taxes from specific geographic area or country—Continued					Taxable income (less loss) before loss recapture				
	Deductions from oil and gas extraction income									
	Total	Allocable to specific types of income	Not allocable to specific types of income	Total	Foreign branch income	Specifically allocable income (SEC 907(b))	Other than from branch operations and specifically allocable income			
	(29)	(40)	(41)	(42)	(43)	(44)	(45)			
All geographic areas, total	8,406,432	8,224,242	172,207	61,096,502	14,423,063	2,284,068	44,289,373			
Canada	406,061	403,335	—	1,145,630	—	5,137	716,294			
Latin America, total	1,438,343	1,395,548	42,779	7,535,516	718,740	782,839	6,056,837			
Mexico	22	22	—	—	—	63,833	51,178			
Central America, total	6,786	6,786	—	923,710	205,229	22,039	917,562			
Honduras	60	60	—	190,561	180,561	5,137	716,294			
Panama (including Canal Zone)	1,431	1,431	—	28,435	1,825	134	28,375			
Caribbean countries, total	848,964	848,964	—	107,738	145,190	—	689,809			
Cayman Islands (British)	—	—	—	705,950	337,231	2,053	688,307			
Dominican Republic	—	—	—	39,020	1,505	167	38,488			
Trinidad and Tobago	848,557	848,557	—	264,404	11,199	467	34,348			
South America, total	582,418	539,639	42,779	3,403,475	526,570	39,284	2,765,542			
Argentina	40,589	40,589	—	713,515	352,452	9,772	2,765,542			
Brazil	6,109	6,109	—	1,894,642	151,699	17,401	1,325,542			
Chile	10	10	—	238,004	15,569	—	94,758			
Colombia	94,584	94,455	129	209,938	53,549	2,486	151,864			
Ecuador	278,374	278,374	—	114,732	3,722	633	110,498			
Peru	156,665	114,647	42,018	236,363	28,413	1,430	208,549			
Venezuela	2,189	2,180	10	295,403	40,406	5,596	249,401			
Other Western Hemisphere, total	2,493	2,458	36	3,816,326	1,856,227	2,768	1,955,341			
The Bahamas	1,755	1,720	35	2,114,945	1,710,114	216	404,615			
Netherlands Antilles	608	607	1	1,289,512	145,274	975	1,143,203			
Europe, total	2,255,712	2,199,867	55,844	25,422,028	5,517,867	452,487	18,451,314			
Common Market countries, total	1,080,595	1,051,921	28,673	20,009,498	3,292,568	384,189	16,352,611			
Belgium	—	—	—	425,448	31,251	14,826	379,261			
France (including Antilles)	2,119	2,119	—	1,457,804	178,832	1,195,148	1,195,148			
Greece	1	1	—	22,356	54,563	39	—			
Ireland	2,326	2,326	—	166,527	173,782	3,527	39,284			
Italy (including San Marino)	3,916	3,866	51	988,859	10,192	109	978,616			
Netherlands	121,205	116,373	4,832	60,626	9,352	65	51,189			
United Kingdom	852,425	828,860	23,575	2,587,879	115,427	20,314	2,452,138			
West Germany	9,865	9,865	—	1,812,951	2,569,919	110,093	8,233,000			
Other West European countries, total	1,170,992	1,143,821	27,171	2,322,351	67,011	101,046	2,153,603			
Austria	198	141	57	5,270,518	2,202,478	74,744	2,993,295			
Finland	—	—	—	130,781	7,445	3,571	110,725			
Norway	1,107,932	1,080,619	2	93,452	—	2,703	94,679			
Spain	60,089	60,088	1	3,778,935	1,932,562	1,342,719	1,342,719			
Sweden	14	14	—	392,137	134,816	12,173	245,448			
Switzerland	—	—	—	245,601	7,278	15,866	222,468			
Tax-exempt	2,275	2,275	—	659,667	20,130	35,761	603,776			
East European countries, total	4,125	4,125	—	182,537	64,329	—	96,520			
Africa, total	1,699,708	1,692,940	6,768	9,430	25,406	2,833	65,791			
North Africa, total	972,262	966,161	6,101	2,780,252	628,833	12,358	2,147,367			
Egypt	421,207	419,271	1,936	1,570,271	289,395	1,742	1,279,133			
Libya	488,585	484,329	4,256	1,006,084	34	1,722	1,004,327			
East Africa, total	15,215	15,214	1	519,600	265,302	—	254,217			
West and Central African countries, total	712,142	711,477	665	36,967	11,554	31	24,382			
Gabon	53,239	52,696	543	688,094	280,825	642	386,266			
Nigeria	174,670	174,749	121	384,006	1,149	195	45,423			
Zaire	64,695	64,695	—	253,848	294	228	129,864			
South Africa, total	85	85	—	36,051	34,051	4	2,595			
South Africa (including Namibia)	46	46	—	510,590	76,717	9,642	454,181			
Zimbabwe	39	39	—	477,917	41,429	9,450	427,038			
Asia, total	1,768,010	1,716,159	47,851	15,946	4,802	183	10,990			
Middle East, total	825,678	817,211	8,465	8,676,888	3,399,835	331,855	8,853,967			
Iran	995	989	6	1,310,731	735,400	17,520	557,804			
Kuwait	43	41	2	8,568	—	16	14,059			
Oman	4	4	—	89,767	1,809	4,965	41,863			
Qatar	5	4	1	19,704	14,554	1,267	3,783			
Saudi Arabia	331,670	331,670	—	10,167	2,085	7	8,115			
United Arab Emirates	490,318	490,318	8,457	381,800	717,744	5,558	198,498			
Southeast and Southwestern Asia, total	871,148	831,768	39,383	579,879	310,310	4,785	264,584			
Indonesia	783	750	33	1,540,888	2,336,260	20,615	2,193,013			
Malaysia	493,511	454,128	39,383	163,799	31,350	686	71,764			
Philippines	321,731	321,731	—	2,938,291	442,836	6,302	1,544,337			
Singapore	8,560	8,560	—	50,412	133,651	6,002	94,473			
Taiwan	9,979	9,979	—	186,811	135,651	27,205	204,233			
Thailand	19,026	19,026	—	654,877	291,305	6,750	477,068			
Eastern Asia, total	69,183	69,183	3	86,655	12,261	2,954	71,411			
China	—	—	—	3,774,462	—	—	—			
Hong Kong	57,732	57,732	—	—	329,034	276,006	3,189,452			
South Korea (including Ryukyu)	7,077	7,077	—	70,181	924	12	68,843			
South Korea, Republic of	—	—	—	482,406	160,333	12,648	309,425			
Taiwan	2,219	2,219	—	283,696	10,811	17,862	210,127			
Oceania, total	2,156	2,156	—	261,541	55,300	218,813	2,614,702			
Australia	—	—	—	200,051	83,089	9,575	113,367			
New Zealand	—	—	—	—	—	—	—			
Puerto Rico and U.S. Possessions, total	1,733,119	1,733,119	—	2,406,077	1,010,442	38,178	1,380,457			
Puerto Rico	—	—	—	2,318,772	998,748	30,585	1,289,441			
U.S. possessions, total	441	441	—	89,485	78,234	2,788	73,917			
Country not stated	8	8	—	383,771	10,819	83,731	220,138			
Country not stated	9	9	—	—	396,506	91,784	278,162			
Country not stated	—	—	—	—	—	—	—			
Country not stated	—	—	—	—	—	—	—			
Country not stated	—	—	—	—	—	—	—			
Country not stated	—	—	—	—	—	—	—			
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Country not stated	—	—	—	—	—	—	—			
Country not stated	—	—	—	—	—	—	—			
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Country not stated	—	—	—	—	—	—	—			
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Country not stated	—	—	—	—	—	—	—			
Country not stated	—	—	—	—	—	—	—			
Country not stated	—									

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued
(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country—Continued									
	Paid or accrued					Deemed paid				
	Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Service income	Partnership income	Other income	(54)	(55)
All geographic areas, total	22,564,993	10,852,937	1,351,731	1,018,466	1,058,292	8,010,397	169,315	120,181	2,227,378	11,687,194
Canada	3,199,892	1,276,954	294,522	59,535	84,191	461,971	6,812	41,837	306,098	1,816,926
Latin America, total	2,519,814	1,689,843	358,036	534,683	67,384	331,197	42,798	7,019	240,735	1,278,811
Mexico	494,340	437,577	180,837	34,135	75,527	12,479	3,703	(1)	10,779	153,001
Central America, total	193,474	80,443	6,256	2,794	4,351	8,446	6,556	(1)	1,452	2,354
Honduras	152,610	11,162	3,034	1,993	2,326	1,966	718	(1)	1,124	141,448
Panama (including Canal Zone)	261,620	242,746	557	3,162	1,476	29,578	472	45	207,356	18,882
Caribbean countries, total	13,864	58	164	76	561	15,814	269	(1)	197,551	13,806
Cayman Islands (British)	22,529	22,159	201	2,831	425	7,042	34	(1)	5,879	65
Dominican Republic	210,288	208,155	201	2,831	425	7,042	34	(1)	197,551	13,806
Trinidad and Tobago	1,564,636	973,071	249,964	356,276	9,760	205,445	23,260	3,170	107,565	591,565
South America, total	88,490	84,280	20,853	34,962	9,760	9,453	2,473	314	6,624	4,180
Argentina	1,096,807	613,276	183,438	303,747	4,231	101,148	9,136	2,674	8,903	483,520
Brazil	38,633	20,091	875	175	5,679	11,311	1,431	(1)	621	18,542
Chile	104,149	60,221	17,561	428	837	29,705	3,389	225	16,739	34,037
Colombia	41,846	40,321	2,461	(1)	1,796	2,219	1,543	4	32,883	1,324
Ecuador	73,155	64,953	2,884	1,292	2,373	34,587	326	45	23,443	8,212
Peru	88,498	49,184	21,921	15,125	3,395	2,416	4,866	(1)	1,461	39,314
Venezuela	234,656	40,281	1,304	2,513	8	35,163	113	3	1,158	194,295
Other Western Hemisphere, total	62,217	33,355	1,246	2,466	1	33,144	77	—	200	28,892
The Bahamas	167,995	6,314	1,246	2,466	1	1,764	77	—	759	161,581
Netherlands Antilles	9,864,060	3,456,314	527,772	181,094	691,384	1,620,133	11,782	974	223,199	6,497,747
Europe, total	7,529,914	3,456,314	527,772	181,094	691,384	1,620,133	11,782	974	223,199	5,967,520
Common Market countries, total	7,529,914	3,456,314	527,772	181,094	691,384	1,620,133	11,782	974	223,199	5,967,520
Belgium	434,704	72,332	30,173	23,527	371	6,499	933	724	3,220	361,572
France (including Andorra)	23,201	20,865	3,869	71	1,152	3,869	353	41	76	2,301
Greece	14,701	7,160	(1)	6	25,693	20,580	733	37	1,191	208,549
Ireland	287,821	79,273	18,688	3,340	2	614	26	—	46,849	641,888
Italy (including San Marino)	34,052	3,028	2,386	1,451	13,992	3,438	361	(1)	145,148	3,619,085
Luxembourg	789,581	147,892	43,413	2,162	1,451	626,609	5,613	63	933	908,018
Netherlands	4,604,319	985,234	173,634	32,596	1,814	7,859	63	158	23,556	510,194
United Kingdom	1,067,489	159,476	133,458	15,395	1,814	7,859	63	158	23,556	510,194
West Germany	2,419,340	1,809,146	100,295	87,720	634,178	1,060,015	3,317	2	37,465	1,099,545
Other West European countries, total	42,782	5,327	2,795	33	184	2,297	—	(1)	15,204	38,564
Austria	29,250	1,832	799	2	32	2,799	—	(1)	1,510	63,341
Finland	1,754,759	1,718,675	39,679	71,786	614,696	974,494	2,056	—1	28,599	212,636
Norway	137,357	74,017	24,053	4,812	110	2,067	—	—	258	248,947
Spain	43,296	29,168	1,003	25	110	2,067	—	—	6,525	49,657
Sweden	43,296	42,701	26,889	8,840	264	6,278	—	—	—	—
Switzerland	291,848	42,701	26,889	8,840	264	6,278	—	—	—	—
Turkey	99,945	50,289	680	158	1,904	40,103	920	(1)	560	—
East European countries, total	4,532	4,532	329	1,274	788	1,442	139	(1)	560	—
Africa, total	1,438,198	1,120,828	35,283	1,189	12,637	394,812	11,461	171	665,847	317,634
North Africa, total	838,982	627,887	613	90	1,458	188,416	7,574	(1)	629,712	11,595
Egypt	475,441	468,076	27	42	1,120	12,550	1,406	(1)	452,951	7,305
Libya	340,545	340,545	—	—	—	160,608	3,168	—	176,752	—
East Africa, total	25,583	8,905	3,474	25	444	167,847	3,484	24	35,672	73,272
West and Central African countries, total	285,504	212,233	3,611	765	830	4,104	126	—	12,912	880
Gabon	15,167	14,287	1,682	721	433	62,782	834	—	12,930	1,417
Zaire	18,818	18,400	321	—	17	18,062	—	—	—	—
Nigeria	288,091	71,561	27,556	272	9,178	31,557	162	146	176	216,590
South Africa, total	289,027	67,690	26,721	12	2,209	31,557	162	146	155	207,337
South Africa (includes Namibia)	9,857	2,912	658	—	—	—	—	—	—	8,945
Zimbabwe	3,830,437	2,428,321	109,047	45,791	184,434	1,367,206	86,875	66,800	599,581	1,801,808
Asia, total	680,424	674,416	3,727	4,092	3,655	301,906	56,241	—	65,062	239,733
Middle East, total	3,253	2,058	1,817	8,838	1,578	16,848	69	3	500	2
Iran	31,411	25,168	1,066	3,638	1,06	9,399	372	—	150,556	2,274
Israel	10,392	10,391	—	15	106	9,399	372	—	66,192	86
Kuwait	4,577	410	717	196	1,220	70,337	34,903	65,053	150,556	2,274
Saudi Arabia	325,256	322,982	—	—	—	797,080	20,102	—	66,192	86
United Arab Emirates	303,472	303,386	—	—	—	18,501	1,148	—	327,896	617,480
Southern and Southeastern Asia, total	1,999,907	1,382,427	20,974	26,765	32,448	554,895	6,838	1	2,806	467,886
India	62,186	44,922	3,710	98	1,031	672,729	2,208	650	313,826	4,895
Indonesia	1,483,680	1,015,794	5,002	18,960	2,122	672,729	2,208	650	313,826	4,895
Malaysia	235,845	192,641	129	22	2,867	186,478	2,208	42	855	43,204
Philippines	47,823	43,126	3,275	5,571	5,009	20,426	1,904	41	6,802	57,017
Singapore	96,436	42,419	285	1,834	13,846	23,011	1,264	40	2,392	22,528
Thailand	46,263	23,735	8,369	4,000	4,411	7,827	1,836	34	758	22,528
Eastern Asia, total	1,240,861	371,743	84,345	14,763	118,322	110,339	12,231	590	31,152	669,116
China	5,456	4,456	—	8	2,374	161	2,212	81	620	—
Hong Kong	14,862	19,560	217	994	949	14,306	2,805	(1)	189	36,302
Japan (Chinese Republic)	1,074,949	274,841	67,412	9,474	105,714	62,354	4,261	486	25,079	800,138
South Korea, Republic of	52,211	6,773	1,710	3,538	17,393	298	13	4	4,364	18,190
Taiwan	80,334	36,773	9,648	2,546	5,180	15,886	2,607	9	696	13,760
Oceania, total	1,943,258	654,138	42,463	23,404	33,813	538,104	1,205	270	16,677	388,120
Australia	1,010,667	639,144	39,555	23,061	26,658	533,939	1,050	238	14,433	371,523
New Zealand	31,107	14,834	2,822	342	6,670	3,994	125	30	641	16,473
Puerto Rico and U.S. Possessions, total	111,486	84,312	8,850	5,067	4,193	46,302	3,183	144	16,574	97,174
Puerto Rico	105,099	78,794	8,750	5,017	3,857	42,599	2,564	92	15,930	26,315
U.S. Possessions, total	6,387	5,528	124	49	336	3,703	619	52	644	859
Country not stated	106,999	161,643	8,370	43,413	8,042	23,509	4,049	2,845	16,318	4,354
DISC dividends	7,500	113	113	—	—	—	—	—	—	7,387
OPEC countries, total (included above)	2,783,859	2,201,849	34,002	38,028	9,371	1,169,064	70,863	64,007	787,415	882,010

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued
(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country—Continued									
	Income and taxes of related foreign corporations and DISC's									
	Gains, profits and income	Taxes paid on gains, profits and income	Dividends paid by foreign corporations	Taxes deemed paid by foreign corporations	Dividends paid by foreign corporations	Taxes deemed paid by foreign corporations	Dividends paid by foreign corporations	Taxes deemed paid by foreign corporations	Dividends paid by foreign corporations	Taxes deemed paid by foreign corporations
	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)	(65)
All geographic areas, total	64,382,784	25,434,723	15,444,801	4,592,681	5,633,881	354,969	354,969	354,969	354,969	354,969
Canada	12,820,820	5,244,577	3,340,864	729,370	923,136	86,111	86,111	86,111	86,111	86,111
Latin America, total	6,852,190	2,003,199	1,717,883	114,779	123,460	21,561	21,561	21,561	21,561	21,561
Mexico	1,090,657	335,483	145,404	7,501	3,924	47	47	47	47	47
Central America, total	1,294,821	140,272	506,790	43,654	73,680	3,924	3,924	3,924	3,924	3,924
Honduras	10,104	104,272	506,790	43,654	73,680	3,924	3,924	3,924	3,924	3,924
Panama (including Canal Zone)	1,228,670	123,408	572,597	43,652	74,738	47	47	47	47	47
Caribbean countries, total	201,795	31,657	105,686	4,503	7,217	—	—	—	—	—
Cayman Islands (British)	151,245	20,257	80,564	4,503	7,217	—	—	—	—	—
Dominican Republic	2,150	2,150	—	—	—	—	—	—	—	—
Trinidad and Tobago	13,072	5,540	2,561	—	—	—	—	—	—	—
South America, total	4,284,877	1,495,788	870,013	58,917	89,516	8,299	8,299	8,299	8,299	8,299
Argentina	10,170	20,818	21,541	—	—	—	—	—	—	—
Brazil	3,131,273	146,056	689,239	46,820	88,816	636	636	636	636	636
Chile	132,146	43,131	30,283	251	3,732	—	—	—	—	—
Colombia	368,776	146,056	689,239	46,820	88,816	636	636	636	636	636
Ecuador	21,708	130,155	68,615	1,241	7,774	732	732	732	732	732
Peru	181,322	4,378	5,470	29	505	—	—	—	—	—
Venezuela	252,663	56,245	14,229	36	21	—	—	—	—	—
Other Western Hemisphere, total	1,802,238	221,003	1,363,368	12,889	38,407	10,000	10,000	10,000	10,000	10,000
The Bahamas	161,138	38,327	75,800	12,846	36,326	—	—	—	—	—
Netherlands Antilles	1,520,574	171,702	1,200,564	—	—	—	—	—	—	—
Europe, total	30,170,435	11,818,875	7,373,454	3,239,881	4,148,882	144,850	144,850	144,850	144,850	144,850
Common Market countries, total	27,197,038	10,814,679	6,382,184	3,072,616	3,794,727	126,259	126,259	126,259	126,259	126,259
Belgium	1,212,583	480,185	282,248	1,247	2,194	—	—	—	—	—
France (including Andorra)	1,714,435	756,292	406,148	110,326	134,605	2,568	2,568	2,568	2,568	2,568
Greece	17,428	7,147	68,618	1	1	—	—	—	—	—
Ireland	93,685	11,138	41,726	1	4,155	—	—	—	—	—
Italy	1,243,605	465,697	320,153	11,345	19,781	—	—	—	—	—
Luxembourg	61,613	31,137	31,445	61	245,570	54,005	54,005	54,005	54,005	54,005
Netherlands	1,741,706	2,993,378	989,141	72,673	10,351	711	711	711	711	711
Netherlands Antilles	8,784,554	2,762,830	3,395,386	2,758,076	3,222,503	54,005	54,005	54,005	54,005	54,005
United Kingdom	697,481	3,378,745	909,464	109,545	164,119	14,833	14,833	14,833	14,833	14,833
West Germany	697,481	3,378,745	909,464	109,545	164,119	14,833	14,833	14,833	14,833	14,833
Other West European countries, total	2,972,223	799,270	990,090	109,545	354,965	18,390	18,390	18,390	18,390	18,390
Austria	107,084	65,781	46,741	11,107	22,296	—	—	—	—	—
France	107,084	65,781	46,741	11,107	22,296	—	—	—	—	—
Norway	205,986	69,022	86,786	552	1,183	—	—	—	—	—
Sweden	606,456	179,340	135,857	5,105	9,935	—	—	—	—	—
Switzerland	212,254	71,320	58,793	11,699	44,474	7,304	7,304	7,304	7,304	7,304
Switzerland	1,435,096	231,413	589,811	140,221	276,070	8,192	8,192	8,192	8,192	8,192
Denmark	168,992	113,483	22,010	—	—	—	—	—	—	—
East European countries, total	—	—	—	—	—	—	—	—	—	—
Africa, total	1,428,881	687,886	363,533	32,085	45,781	3,985	3,985	3,985	3,985	3,985
North Africa, total	84,566	33,166	18,042	345	349	—	—	—	—	—
Egypt	62,912	22,970	14,901	—	—	—	—	—	—	—
Libya	—	—	—	—	—	—	—	—	—	—
East Africa, total	73,796	26,493	23,751	5,566	8,857	—	—	—	—	—
West and Central African countries, total	529,326	176,611	137,330	68	110	—	—	—	—	—
Gabon	4,552	1,991	1,147	—	—	—	—	—	—	—
Nigeria	348,872	96,231	127,068	—	—	—	—	—	—	—
Zaire	20,013	9,287	1,682	—	—	—	—	—	—	—
Southern Africa, total	740,192	331,298	184,410	26,075	40,465	3,965	3,965	3,965	3,965	3,965
South Africa (includes Namibia)	690,160	304,608	173,673	25,933	40,304	3,960	3,960	3,960	3,960	3,960
Zimbabwe	16,463	9,118	3,613	74	154	5	5	5	5	5
Asia, total	10,823,634	4,880,234	1,880,958	39,764	43,489	3,100	3,100	3,100	3,100	3,100
East Asia, total	191,279	75,707	35,847	5	17	—	—	—	—	—
Japan	13,377	4,100	2,870	—	—	—	—	—	—	—
Israel	79,230	27,961	10,477	—	—	—	—	—	—	—
Qatar	823	10	—	—	—	—	—	—	—	—
Saudi Arabia	68,832	35,352	4,019	—	—	—	—	—	—	—
United Arab Emirates	11,585	5,344	2,742	—	—	—	—	—	—	—
Southern and Southeastern Asia, total	4,380	86	4,294	—	—	—	—	—	—	—
India	5,061,933	2,451,388	717,355	4,304	3,994	—	—	—	—	—
Indonesia	214,705	13,249	2,195	—	—	—	—	—	—	—
Malaysia	3,990,597	2,072,599	845,576	1,520	1,955	—	—	—	—	—
Philippines	203,278	62,987	53,826	9,561	3,056	—	—	—	—	—
Singapore	52,083	21,083	35,216	36	1,090	—	—	—	—	—
Thailand	381,852	92,022	102,662	228	6	—	—	—	—	—
China, total	5,270,422	2,353,140	1,050,755	35,455	39,458	3,100	3,100	3,100	3,100	3,100
Hong Kong	—	—	—	—	—	—	—	—	—	—
Japan (Okinawa, Ryukyu)	708,123	95,899	242,265	3,499	5,689	—	—	—	—	—
South Korea, Republic of	4,190,860	2,174,609	894,055	31,860	33,611	—	—	—	—	—
Taiwan, Republic of	141,008	40,898	55,790	—	—	—	—	—	—	—
Oceania, total	—	—	—	—	—	—	—	—	—	—
Australia	2,101,873	838,758	399,847	187,011	211,697	24,904	24,904	24,904	24,904	24,904
New Zealand	2,012,912	797,556	380,435	184,293	207,241	—	—	—	—	—
Puerto Rico and U.S. Possessions, total	87,209	38,931	18,944	2,718	4,366	—	—	—	—	—
Puerto Rico	110,734	39,432	37,853	468	6,197	—	—	—	—	—
U.S. Possessions, total	104,456	3,068	34,163	468	3,170	—	—	—	—	—
Country not stated	6,278	1,068	—	—	—	—	—	—	—	—
DISC dividends	81,178	23,840	9,586	—	—	—	—	—	—	—
OECD countries, total (included above)	812,864	5,340	435,056	3,990	21,337	—	—	—	—	—
Foreign tax credit	4,717,508	2,311,886	659,935	10,688	17,343	6,901	6,901	6,901	6,901	6,901

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 4.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued
(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from selected geographic area or country—Continued				
	Income and taxes of related foreign corporations and DISC—Continued				
	Income and taxes of first, second, and third-tier foreign corporations from which constructive distributions were received				
	Gross profits and income	Taxes paid on gross profits and income	Dividends constructively distributed to domestic corporations	Taxes deemed paid by related foreign corporations	Taxes deemed paid by domestic corporations
	(2)	(3)	(4)	(5)	(6)
All geographic areas, total	8,953,389	1,783,141	2,837,158	382,826	1,244,787
Canada	410,728	147,688	191,789	41,388	120,863
Latin America, total	1,181,453	181,268	466,715	43,414	127,452
Mexico	105,156	33,637	19,928	—	13,032
Central America, total	662,454	41,139	319,743	36,607	72,482
Honduras	660,051	40,925	317,918	36,585	72,265
Panama (including Canal Zone)	152,876	13,802	87,853	4,503	8,248
Caribbean countries, total	129,785	13,095	68,427	4,503	7,737
Cayman Islands (British)	—	—	—	—	—
Dominican Republic	139	61	(7)	—	(7)
Trinidad and Tobago	—	—	—	—	—
South America, total	290,967	82,831	39,149	2,303	23,692
Argentina	14,382	2,491	1,695	—	534
Brazil	229,834	82,900	36,342	2,190	32,215
Chile	140	140	153	—	28
Colombia	983	2,553	400	—	96
Ecuador	6,472	—	—	—	—
Peru	—	—	—	—	—
Venezuela	8,902	4,159	582	113	196
Other Western Hemisphere, total	1,805,714	182,472	1,121,823	12,684	178,804
The Bahamas	130,163	24,140	68,013	12,646	22,239
Netherlands Antilles	1,334,277	167,706	1,030,407	151,002	151,002
Europe, total	2,930,009	663,302	884,337	201,907	672,785
Common Market countries, total	2,016,341	786,345	432,329	72,383	426,535
Belgium	227,727	86,034	50,253	92	43,353
France (including Andorra)	274,865	152,790	39,753	34,507	53,990
Greece	21,517	474	(7)	—	3
Ireland	57,112	583	2,659	—	166
Italy (including San Marino)	8,893	20,361	843	224	963
Luxembourg	319,066	112,156	181,207	745	3,824
Netherlands	796,197	233,014	118,435	7,166	107,479
United Kingdom	313,324	169,809	54,233	2,213	131,271
West Germany	912,494	178,833	520,948	129,525	248,237
Other West European countries, total	18,143	2,562	13,661	9,140	10,537
Austria	—	—	—	—	—
Finland	77,798	31,405	34,714	—	26,303
France	23,023	15,073	5,064	236	3,524
Spain	874	654	127	—	13
Sweden	748,060	124,944	455,277	119,825	204,179
Switzerland	—	—	—	—	—
Turkey	—	—	—	—	—
East European countries, total	18,194	7,714	2,773	493	1,840
Africa, total	—	—	—	—	—
North Africa, total	—	—	—	—	—
Egypt	—	—	—	—	—
Libya	—	—	—	—	—
East Africa, total	15,298	6,224	2,754	—	1,829
Gabon	—	—	—	—	—
West and Central African countries, total	14,814	6,092	2,563	—	1,790
Nigeria	—	—	—	—	—
Zaire	3,897	1,489	19	483	111
Southern Africa, total	3,897	1,489	19	483	111
South Africa (including Namibia)	—	—	—	—	—
Zimbabwe	—	—	—	—	—
Asia, total	567,859	189,339	153,425	8,414	68,292
Middle East, total	10,263	650	8,302	—	421
Iran	—	—	—	—	—
Israel	—	—	—	—	—
Kuwait	—	—	—	—	—
Oman	—	—	—	—	—
Saudi Arabia	—	—	—	—	—
United Arab Emirates	111,562	31,682	22,383	1,077	5,928
Southern and Southeastern Asia, total	9,002	8,005	4	747	36
India	—	—	—	—	—
Indonesia	5,112	2,216	211	—	254
Malaysia	6,508	3,101	426	—	310
Philippines	84,886	14,807	21,803	330	5,018
Singapore	3,512	1,664	75	—	140
Thailand	—	—	—	—	—
Eastern Asia, total	445,843	156,998	121,740	4,337	61,944
China	123,179	15,913	52,070	312	6,992
Hong Kong	322,384	141,014	58,655	4,005	54,911
Japan (Chinese, Taipei)	—	—	—	—	—
South Korea, Republic of	281	71	165	—	51
Taiwan	—	—	—	—	—
Oceania, total	304,887	92,362	84,177	77,130	75,037
Australia	302,286	90,746	83,874	77,130	74,640
New Zealand	2,593	1,555	303	—	396
Puerto Rico and U.S. Possessions, total	32,956	7,714	1,912	206	1,223
Puerto Rico	32,956	7,714	1,912	206	1,223
U.S. Possessions, total	—	—	—	—	—
Country not stated	787	349	437	—	349
DISC dividends	—	—	—	113	1,388
DISC countries, total (included above)	23,720	16,284	3,148	—	—

¹ Less than \$500.
Note: The number of parent corporations which received income from or paid taxes to a specific country is identified in column 1. The data in columns 2-6 are not limited to amounts attributable to a specific country. The data in columns 7-13 are not limited to amounts attributable to a specific country. The data in columns 14-15 are amounts for the specific country. The data in columns 16-17 are not applicable to the all geographic areas, total. However, the data in columns 14-15 are amounts for the specific country. The data in columns 16-17 are not applicable to the all geographic areas, total.

Corporate Foreign Tax Credit, 1986: An Industry Focus

By Lissa Redmiles*

For 1986, U.S. corporations paid approximately \$23.1 billion in taxes to foreign governments on over \$65.8 billion of foreign-source taxable (net) income. Although only 4,506 corporations, 0.1 percent of the total number of corporations that filed U.S. income tax returns, claimed a foreign tax credit, the amount they claimed for 1986 reduced the total U.S. corporation income tax liability by \$22.3 billion, or by 23.2 percent [1]. The petroleum industry, with a total foreign tax credit exceeding \$7 billion, accounted for 31.8 percent of the total credit.

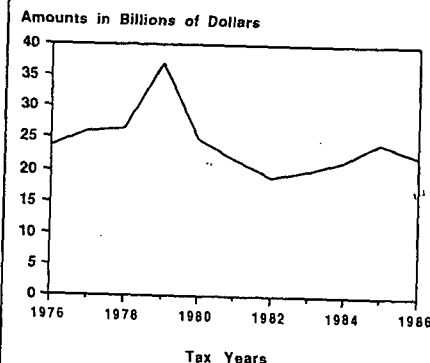
Even though the total credit was 8.2 percent lower than the total foreign tax credit claimed for 1985, it was larger than the total foreign tax credit of any other year since 1980 (Figure A). A major factor behind the small increase in the foreign tax credit claimed between 1984 and 1986 was the relatively slow growth in foreign-source taxable income. Although corporate profits, as measured by total worldwide taxable income, increased 7 percent between 1984 and 1986, almost 90 percent of this increase resulted from the \$16.1 billion growth of domestic-source taxable income [2, 3].

BACKGROUND

Congress established the foreign tax credit in 1918 to encourage foreign trade and investment by eliminating double taxation on foreign-source income [4]. Previously, they could only use these taxes as deductions to lower their U.S. taxable income. The law originally allowed U.S. corporations to reduce their U.S. tax liability by all of the income taxes they paid to other nations. The Revenue Act of 1921 restricted the amount that could be claimed as a credit against the U.S. tax liability to an amount equivalent to the U.S. tax on foreign-source taxable income. This was determined by taking the percentage of foreign-source taxable income to worldwide taxable income and applying it to the overall U.S. tax liability, before credits.

This limitation attempted to prohibit corporations from using their foreign taxes, which often reflected higher tax rates than those imposed by the United States, to offset

Figure A
Corporate Foreign Tax Credit, 1978-1986



their domestic tax liability. Nevertheless, corporations were still able to maximize their foreign tax credit by combining income from overseas investments, such as most interest-bearing investments, which, if taxed at all, were taxed at a low rate, with foreign-source income taxed at rates higher than the domestic rate, to increase the ratio used to compute the credit limit. To reduce such averaging across countries, from 1932 through 1961 taxpayers had to calculate their limitation on a per country basis. From 1961 to the repeal of the per country limitation in 1976, they could elect to use the overall limitation. However, the Revenue Act of 1962 required corporations to compute their foreign tax credit limitation separately for certain investment interest income. Although there have been other modifications to the foreign tax credit provisions, the guiding principle remains that of eliminating double taxation without reducing the total U.S. tax liability below the U.S. tax rate.

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

For 1986, U.S. corporations had to calculate separate foreign tax credit limitations for (1) certain investment income, (2) dividends received from an Interest Charge Domestic International Sales Corporation (IC-DISC) or former DISC (see Definitions section), (3) foreign trade income of a Foreign Sales Corporation (FSC) (see Definitions section), (4) distributions from a FSC or former FSC, and (5) all other income from sources outside the United States. The sum of the foreign tax credits for each income type comprised the total foreign tax credit that could be claimed. If the actual taxes paid, accrued, or deemed paid exceeded the limitation, the excess could be carried back 2 years and then carried forward for 5 years. Participation in, or cooperation with, an international boycott reduced the total foreign tax credit claimed for 1986 by \$727,000.

WORLDWIDE TAXABLE INCOME

The domestic economic recovery that started in 1983 continued through 1986, albeit at a slower pace. Worldwide taxable income for all U.S. industries increased 7 percent between 1984 and 1986, compared to 26.5 percent between 1982 and 1984. At \$277.8 billion for 1986, worldwide taxable income was higher (in current dollars) than it had ever been during the 1980's but not quite as high as 1979 when it peaked at \$280.2 billion.

Increases in domestic profits (as measured by domestic-source taxable income), particularly in the banking and insurance industries, fueled most of the growth between 1984 and 1986. (For a comparison between foreign-source and domestic-source taxable income for 1984 and 1986, see Figure B.)

Figure B.—Domestic and Foreign Source Taxable Income, by Selected Industries, 1984 and 1986

(Money amounts are in millions of dollars)

Industry	Domestic-source taxable income			Foreign-source taxable income		
	1984	1986	Percentage increase	1984	1986	Percentage increase
	(1)	(2)	(3)	(4)	(5)	(6)
All industries	\$195,883	\$211,989	8.2%	\$63,588	\$65,809	3.5%
Agriculture, forestry and fishing	1,564	1,794	14.7	50	89	79.8
Mining	2,349	1,767	-24.8	2,818	1,475	-47.7
Construction	5,334	7,375	38.3	295	204	-31.1
Manufacturing	88,328	69,454	-21.4	45,583	48,809	7.1
Food and kindred products	7,718	6,221	-6.5	1,784	2,030	13.8
Chemicals and allied products	10,098	12,695	27.7	6,294	7,744	23.0
Petroleum (including integrated) and coal products	9,147	2,508	-72.6	19,131	16,000	-16.4
Machinery (except electrical)	6,464	985	-84.8	6,867	9,597	39.8
Electrical and electronic equipment	8,969	5,730	-36.1	2,503	5,459	118.1
Motor vehicles	7,454	3,015	-59.6	2,503	2,169	-13.3
Transportation and public utilities	33,004	34,962	5.9	1,306	1,702	30.2
Wholesale trade	17,071	18,796	10.1	780	900	15.4
Retail trade	21,546	23,299	8.1	540	957	77.0
Finance, insurance and real estate	13,704	40,060	192.3	11,504	10,620	-7.7
Banking	~493	5,206	na	9,831	8,107	-17.5
Insurance	4,070	14,115	246.8	913	1,611	76.4
Services	12,804	14,284	11.6	711	1,043	46.7

Domestic-source taxable income for the banking industry recovered from a net loss of \$493 million for 1984 (caused primarily by declines in the agriculture, petroleum and commercial real estate industries and losses on loans to third world countries) to a net gain of over \$5 billion for 1986, as banks increased their loan-loss reserves, interest rates fell and consumer demand for loans grew [5]. In the insurance industry, 50 percent hikes in property and casualty insurance premiums ended the 6-year decline in profits caused by escalating liability claims [6]. This helped to explain the nearly 250 percent increase in domestic-source taxable income in this industry.

Foreign-source taxable income, during the same time, expanded by just 3.5 percent. Although it increased considerably (by over 76 percent) in the insurance industry, it fell by more than \$1 billion (17.5 percent) in the banking industry.

Nevertheless, on a percentage basis, some industries experienced much more growth between 1984 and 1986 in their foreign-source taxable income than in their domestic-source taxable income. For example, within the electrical and electronic equipment manufacturing industries, foreign-source taxable income climbed 118 percent, from \$2.5 to \$5.5 billion, even though the total domestic-source taxable income fell by more than one third, from nearly \$9 billion to \$5.7 billion. Another example was the non-electrical machinery manufacturers. Foreign-source taxable income for this group rose 39.8 percent, to \$9.6 billion, while domestic-source taxable income plummeted almost 85 percent, from \$6.5 billion to less than \$1.3 billion. There were similar patterns for the agriculture,

forestry, and fishing; retail trade; and service industries. But, because the combined foreign-source taxable income for these industries was only about 3 percent of the total, the effect of these changes on the aggregate statistics was minimal.

Despite the economic recovery that occurred after 1982, the foreign-source taxable income of the petroleum industry continued the rapid decline that began with the deterioration of the controlled prices of 1979 set by the Organization of Petroleum Exporting Countries (OPEC) (see Definitions section). As a result of severe drops in oil prices in 1986, it fell by \$3.1 billion (16.4 percent) from its 1984 level, while domestic-source taxable income dropped by \$6.6 billion (72.6 percent). Total foreign-source taxable oil and gas extraction income (see Definitions section) for all industries fell to \$12.0 billion for 1986, 31 percent below 1984. The remainder of foreign-source taxable income for all industries rose by 16.5 percent.

Foreign-source taxable income comprised nearly a quarter of the total worldwide taxable income reported by all U.S. corporations. For the mining division, it was over 45 percent. Income from abroad comprised as much as 41 percent of the worldwide taxable income for manufacturing, but only 21 percent of the worldwide taxable income of the finance, insurance and real estate industries. The remaining industries earned only a small proportion of their worldwide taxable income overseas.

FOREIGN TAXES

Changes between 1984 and 1986 in foreign taxes (see Definitions section) and the foreign tax credit claimed by each industry generally reflected the changes in foreign-source taxable income. In the finance, insurance and real estate industries, foreign taxes were up 31 percent even though foreign-source taxable income went down by about 8 percent, because taxes withheld on interest are generally withheld on gross income, which increased 19.6 percent, rather than on net or taxable income.

In most industries, almost all of the total foreign taxes could be claimed as a foreign tax credit (Figure C). The foreign tax credit claimed exceeded the current-year foreign taxes for some industries because corporations were permitted to carry forward to 1986 the taxes they paid in excess of their limitations for prior years.

EFFECTIVE FOREIGN TAX RATES

U.S. corporations had approximately the same average tax rate, about 35 percent, on both their total worldwide and foreign-source taxable income. (The

Figure C.—Corporations Claiming a Foreign Tax Credit: Current-Year Foreign Taxes and Foreign Tax Credit by Industry Group, 1986

(Money amounts are in millions of dollars)

Industry group	Current-year foreign taxes	Foreign tax credit
All industries	\$23,103	\$22,261
Agriculture, forestry and fishing	16	13
Mining	832	619
Construction	76	82
Manufacturing	18,803	18,094
Petroleum (including integrated and coal products)	7,081	7,071
Transportation and public utilities	224	232
Wholesale trade	304	290
Retail trade	373	352
Finance, insurance and real estate	2,180	2,262
Services	294	317

average foreign tax rate is the ratio of current-year foreign taxes to foreign-source taxable income. The average U.S. tax is the ratio of U.S. income tax liability, after all credits except the foreign tax credit, to the U.S. income subject to tax). This U.S. rate was considerably less than the top corporate statutory rate of 46 percent for 1986.

The average U.S. and foreign tax rates for the agriculture, forestry and fishing; transportation and public utilities; and finance, insurance, and real estate industries were much lower than the averages for all industries while they were much higher for the mining and petroleum industries due to the high tax rates generally imposed on oil and gas extraction income (Figure D).

In many industries the foreign average rate was considerably lower than the U.S. rate. For example, in the finance, real estate, and insurance industries the U.S. rate

Figure D.—Corporations Claiming a Foreign Tax Credit: Effective Tax Rates on Foreign-Source Taxable Income by Industry Group, 1986

Industry group	Foreign effective tax rate ¹	Worldwide U.S. effective tax rate ²
All industries	35.1%	34.6%
Agriculture, forestry and fishing	17.5	25.9
Mining	56.4	40.5
Construction	37.4	29.9
Manufacturing	38.5	37.2
Petroleum (including integrated) and coal products	44.3	42.0
Transportation and public utilities	13.1	30.6
Wholesale trade	33.8	37.7
Retail trade	39.0	34.5
Finance, insurance and real estate	20.5	33.4
Services	28.2	27.3

¹ The effective foreign tax rate is the ratio of current-year foreign taxes to foreign-source taxable income.

² The effective worldwide U.S. tax rate is the ratio of U.S. income tax after all credits except the foreign tax credit to U.S. income subject to tax.

was 33.4 percent while the foreign rate, since many countries have low withholding rates on interest income, was only 20.5 percent. Transportation and public utilities had a U.S. tax rate of 30.6 but a foreign rate of only 13.1, possibly because some of the income earned by this industry is tax exempt in other countries.

INDUSTRY COMPOSITION OF THE TOTAL FOREIGN TAX CREDIT

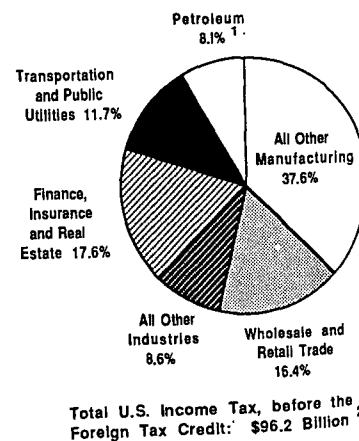
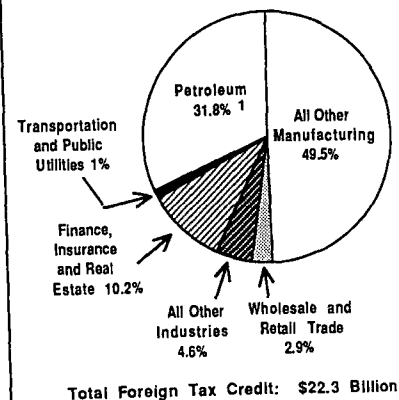
Since some industries earn more of their income abroad than others, the distribution by industry of the total foreign tax credit claimed for 1986, \$22.3 billion, does not resemble the industry distribution of the total U.S. income tax liability (Figure E). For instance, the manufacturing industries claimed 81.3 percent of the total foreign tax credit and 74.2 percent of the total foreign-source taxable income, but they accounted for less than 46 percent of the total U.S. income tax (and 32.8 percent of the total domestic-source taxable income). The industries which had a relatively high share of the total U.S. income tax, such as finance, real estate, and insurance; transportation and public utilities; and wholesale and retail trade, claimed only a small percentage of the total foreign tax credit.

The petroleum industry (a subset of the manufacturing category) was the most dominant. It accounted for less than 1 percent of the total returns claiming a foreign tax credit for 1986, yet these returns accounted for 31.8 percent of the total foreign tax credit and 24.3 percent of the total foreign-source taxable income. This industry was responsible for only 8.1 percent of the total U.S. income tax liability before all credits except the foreign tax credit, and constituted not quite 1.2 percent of the total domestic-source taxable income. The foreign tax credit reduced the total U.S. tax liability of petroleum companies by over \$7 billion, a 91 percent reduction, from \$7,778 million to \$707 million. The major factors which contributed to the size of the foreign tax credit in the petroleum industry were the relatively high foreign tax rates and the fact that income from foreign sources accounted for over 86 percent of the worldwide taxable income of petroleum companies.

GROSS INCOME AND TAXES BY INCOME TYPE

Total foreign-source gross income, excluding branch and specially allocable income, (see Definitions section) rose 9 percent from 1984 to 1986, to \$93.5 billion. (As taxpayers are only required to report net branch and specially allocable income, these will be discussed in a separate section.) Most of this increase occurred in dividends, dividend gross-up (see Definitions section),

Figure E
Industry Composition of the Corporate Foreign Tax Credit, 1986



¹Petroleum includes integrated and coal products.

²Income tax after all credits except the foreign tax credit.

net capital gains, and rents, royalties and licensing fees.

Total gross income from dividends increased 23.8 percent, to \$25.8 billion, while income from dividend gross-up grew 21.0 percent, to \$14.6 billion. With the fall of the dollar against most major foreign currencies in 1985, foreign stocks became more profitable, contributing to a 400 percent leap in net capital gains income, from \$0.8 to \$3.9 billion [7]. Rents, royalties, and licensing fees expanded 21.2 percent to \$11.9 billion. In contrast, total gross interest income rose only from \$17.7 to \$18.6 billion, or 5.3 percent, while total gross income from the performance of services increased about 4 percent, to \$6.4 billion. All other gross income, which includes sales and partnership income, declined by 32.2 percent, to \$12.3 billion.

Overall, the composition of total gross income was slightly different between 1984 and 1986. Dividends and dividend gross-up (combined) still comprised the largest percentage of total gross income, 43.2 percent; but interest income, with 20 percent of the total, was second. Other income (13.1 percent) was third followed by rents, royalties, and licensing fees (12.7 percent); service income (6.8 percent), and net capital gains (4.2 percent).

The type of income reported demonstrates the ways in which U.S. corporations conduct their foreign business activities. If they establish unincorporated foreign branches to carry out their foreign operations, their income would be reported as branch taxable income but if they establish controlled foreign corporations (see Definitions section) their income would be reported as dividends and dividend gross-up. If, however, U.S. corporations choose to conduct their foreign business through direct transactions with related foreign corporations or unrelated entities, their income would appear as gross income, usually as interest; rents, royalties and licensing fees; service or other income.

The high percentage (59.4) of dividends and dividend gross-up to total foreign-source gross income for manufacturing corporations confirms that these corporations operate primarily through foreign subsidiaries. Corporations which produce non-electrical machinery also earn a significant proportion, 42 percent, of their income from rents, royalties and licensing fees, which suggests that these corporations may operate to a certain extent by leasing or licensing their machinery abroad to foreign subsidiaries and unrelated entities.

A large proportion of the gross income of the construction; transportation and public utilities; and agriculture,

forestry and fishing industries was from the performance of services while corporations engaged primarily in finance, insurance, or real estate activities, received most of their foreign gross income from interest. Mining, and wholesale and retail trade are the only industries which have a significant share of income reported as other income (Figure F).

The proportion of total foreign taxes paid or accrued on interest and on income from the performance of services is less than the corresponding proportion of foreign gross income, while the percentage of total taxes paid or accrued on other income exceeds the percentage of total gross income reported as other income (Figure G) [8].

One reason why interest income was 20 percent of the total foreign gross income but taxes on interest income were only 15 percent of the total taxes paid or accrued is the low foreign tax rates on interest income in certain countries as well as the numerous tax treaties between the United States and other countries which have established a zero tax rate on this particular income type.

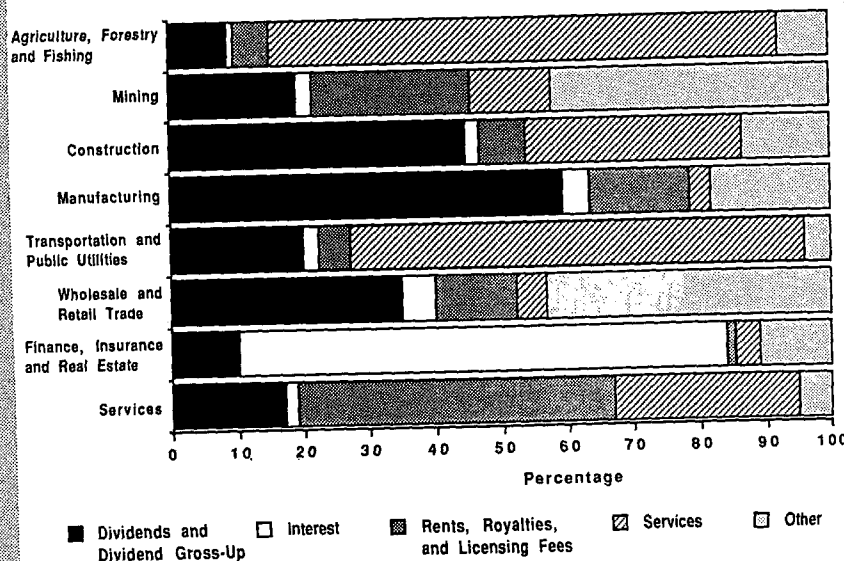
BRANCH AND SPECIALLY ALLOCABLE INCOME

Income from foreign branches comprised 14.4 percent of total foreign taxable income for 1986, compared to nearly 23 percent for 1984. Between 1984 and 1986 branch income fell 34.7 percent, from \$14.5 billion to \$9.5 billion.

The banking and petroleum manufacturing industries were more likely than other industries to operate through foreign branches. The banking industry, which historically makes its foreign loans through branches rather than through subsidiaries, derived 48.2 percent of its total foreign taxable income from branch activities. The \$2.6 billion decrease in branch income for the petroleum industry accounted for half of the fall in total foreign branch income while the \$2.1 billion drop in branch income in the banking industry was responsible for 41.4 percent. However, total foreign gross income (exclusive of branch income) of the banking industry rose between 1984 and 1986.

Specially allocable Code section 863(b) income (see Definitions section), which constituted 2.9 percent of the total foreign-source taxable income for 1986, also fell from 1984 to 1986, from \$2.4 billion to \$1.9 billion, a drop of 19 percent. The manufacturing industries, especially producers of motor vehicles and nonelectrical machinery, earned most of this income.

Figure F
Total Gross Income by Industrial Division and Income Type, 1986¹



¹ Of Corporations claiming a Foreign Tax Credit. Excludes branch and specially allocable income.

SUMMARY

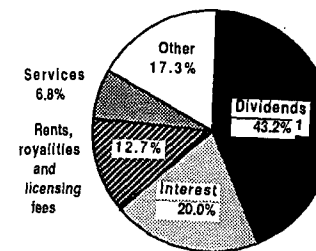
The foreign tax credit rose from \$21.4 billion for 1984 to \$24.3 billion for 1985 before falling to \$22.3 billion for 1986. Worldwide taxable income, however, increased steadily, from \$259.5 billion for 1984 to \$277.8 billion for 1986, reflecting domestic economic growth as evidenced by the expansion of domestic-source taxable income.

Foreign-source taxable income for all industries grew 3.5 percent between 1984 and 1986. It declined in the mining; construction; and finance, insurance, and real estate industrial divisions but rose in all others. Total foreign taxes paid and the foreign tax credit claimed also dropped in mining and construction but grew in finance, insurance, and real estate industries. They also declined in the transportation and public utilities.

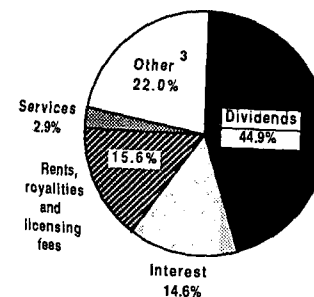
The decrease of income and taxes paid in the petroleum and related industries is responsible for most of the decline in the income and taxes reported for the manufacturing and mining industrial divisions. Foreign-source taxable income reported by petroleum companies fell by 16.4 percent, or \$3.1 billion, while their total foreign taxes declined 29 percent. However, the petroleum industry still claimed the largest portion, 31.8 percent, of the total foreign tax credit claimed for 1986.

Gross income, excluding branch and specially allocable income, from dividends, dividend gross-up, rents, royalties, and licensing fees; and from the performance of services, and net capital gains increased between 1984 and 1986 while other gross income declined. Taxes on branch income decreased significantly between 1984

Figure G
Corporations Claiming A Foreign Tax Credit:
Foreign Gross Income and Taxes, by Income
Type, 1986



Foreign Gross Income, (Less Loss)²



Foreign Taxes Paid or Accrued⁴

- ¹ Includes dividend gross-up.
- ² Excludes branch and specially allocable income.
- ³ Includes taxes on specially allocable income.
- ⁴ Excludes taxes paid on branch income.

and 1986. For 1986, it constituted only 14.4 percent of the total foreign-source taxable income, compared to nearly 23 percent of the foreign-source taxable income for 1984 [8,10].

DATA SOURCES AND LIMITATIONS

The 1986 data presented in this article were derived from returns in the corporation Statistics of Income

sample with an accounting period ending between July 1986 and June 1987 and with a foreign tax credit. The corporate sample included approximately 85,100 returns chosen after Internal Revenue Service administrative processing but before audit examination from the approximately 3.4 million active corporation income tax returns filed for Tax Year 1986. Because some returns with foreign tax credits that were included in the 100 percent sample class for this study had arrived too late to be included in the regular corporate statistics, there are slight differences between the statistics presented here and those previously published in *Statistics of Income-1986, Corporation Income Tax Returns*. Estimates for these returns, however, were included in the corporate statistics.

Sampling error is not considered to be a limitation of the data presented in this article inasmuch as all returns with \$250 million or more in total assets were 100 percent sampled and these returns accounted for most of the data: they composed 95.1 percent of the total foreign-source taxable income, 95.6 percent of the total foreign tax credit and 98.3 percent of the total assets reported on returns with a foreign tax credit.

GENERAL LIMITATIONS

The foreign tax credit is claimed under Code section 901 of the Internal Revenue Code. In accordance with the Internal Revenue Code, corporations file the foreign income and tax data on Form 1118 that support the foreign tax credit claimed on the corporate return, Form 1120. The statistics in this article were based on the information reported on Forms 1118. Therefore, they do not reflect adjustments made during audit examination, which finally determines the acceptability of the foreign income and taxes reported. Some corporations file preliminary data only because complete information on their foreign operations is often not available when they file their U.S. income tax return.

Foreign income and taxes are underreported in this article to the extent that they were not reported on Form 1118. Some corporations did not file the form because they had no U.S. income tax to report and consequently no foreign tax credit to claim. Others chose to deduct their foreign taxes from their gross income instead of taking the credit, while some corporations simply failed to file the Form 1118 to support the foreign tax credit they claimed on their corporate return. The amount of foreign income and taxes attributable to these returns is considered to be minimal.

DEFINITIONS

Interest Charge Domestic International Sales Corporations are corporations primarily engaged in the sale of U.S. exports. Most income from these corporations is generally not taxed until it has been distributed to a parent corporation in the form of dividends.

Foreign Sales Corporations are corporations established mainly to sell the U.S. exports of a U.S. parent corporation. Part of their foreign trade income is tax exempt. Congress imposed a separate foreign tax credit limitation on the foreign taxes paid on this type of income in 1985.

Industry in this article refers to the industrial classifications determined under the 1974 Enterprise Standard Industrial Classification (ESIC) authorized by the Office of Management and Budget. The underlying Standard Industrial Classification was that for 1972, as revised in 1977.

Petroleum industry (unless otherwise stated) refers to the integrated petroleum industry; that is, all corporations primarily engaged in extraction, or refining, and marketing of crude petroleum.

The *Organization of Petroleum Exporting Countries (OPEC)* is an oil cartel which includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

Foreign taxes (unless otherwise stated) refers to current-year foreign taxes, which are withholding taxes on dividends, interest, rents, royalties and licensing fees; taxes directly paid or accrued on income from partnerships, services or other income or on foreign branch profits; or taxes deemed paid. The latter are a proportion of the taxes paid on the profits of a related foreign corporation (and its subsidiaries) from which a U.S. parent corporation receives dividends.

Specially allocable income under Code section 863(b) is that income which has been earned partially within and partially without the United States, usually from producing in the United States and selling abroad or vice versa, or by transportation, telegraph or cable services.

Controlled Foreign Corporations (CFC's) are corporations established outside the United States, more than 50 percent of whose voting stock of all classes of stock was owned by U.S. persons on any day of the taxable year of the CFC.

Dividend gross-up is income associated with dividends received or constructively received from a controlled foreign corporation and is equivalent to the tax deemed paid.

Foreign oil and gas extraction income is income associated with the extraction of minerals from oil and gas. The amount of taxes on this income that could be used as part of the foreign tax credit is restricted to the highest U.S. rate of corporate tax, 46 percent for 1986.

NOTES AND REFERENCES

- [1] Total U.S. income tax liability, unless otherwise stated, refers to total U.S. income tax, after all credits except the foreign tax credit. For a more detailed explanation of this definition, see *Statistics of Income Bulletin*, Spring 1987, p. 13-14.
- [2] Domestic-source taxable income is calculated by subtracting the foreign-source taxable income reported on Form 1118 from the worldwide taxable income (total U.S. income subject to tax, reported on Form 1120). Because not all foreign-source income is reported on Form 1118, statistics for foreign-source and domestic-source taxable income are estimates. See "Data Sources and Limitations."
- [3] The 1986 data are compared to 1984 because detailed Form 1118 data on foreign income and taxes are not available for 1985.
- [4] For additional information about the foreign tax credit, see McDaniel, Paul R. and Hugh J. Ault, *Introduction to United States International Taxation*, Kluwer, 1977; and Owens, Elizabeth A., *The Foreign Tax Credit, A Study of the Credit for Foreign Taxes under United States Income Tax Law*, Harvard Law School, 1961.
- [5] Frederick H. Schultz, "Why the Banking System is Getting Stronger," *Fortune*, July 7, 1986, p. 37.
- [6] Richard Morais, "Insurance," *Forbes*, January 13, 1986, p. 170.
- [7] J. Templeman, "Hitching a Ride on the High-flying Overseas Markets," *Business Week*, December 1985, p. 114.
- [8] The percentage of other taxes paid to total taxes paid exceeds the percentage of gross other income to total gross income partly because other taxes includes taxes on Section 863(b) income.
- [9] A future issue of the *Statistics of Income Bulletin* will present the foreign income and taxes data for 1986 by geographical classifications.

- [10] These statistics do not include taxes in excess of the limitation that have been carried back to 1986 since these taxes will be reported on amended returns and not were available at the time this article was written.

EXPLANATORY TABLE NOTES

The data for the following tables are tabulated from the Forms 1120 and 1118 (See Data Sources and Limitations).

For Table 1, the rows are the major industrial divisions (see definition of "industry" in the Definitions section above). Columns 1 through 16 are amounts reported on Form 1120 while the remaining columns are amounts reported on the Form 1118. Columns 18 through 25 reveal the distribution of total foreign gross income across different types of income and sum to column 17 [1]. Gross branch and specially allocable income are not included in this section because taxpayers were required to report only taxable or net income for these two income types prior to the 1986 Tax Reform Act. Foreign oil and gas extraction gross income appears in columns 27 through 31 and adds to the total in column 26. These amounts are also included in the foreign gross income on columns 17 through 25. Columns 32 through 44 contain deductions from the gross income. They are divided into allocable, columns 33 through 37, and not directly allocable deductions, columns 38 through 41. Columns 33 and 38 are the totals, respectively, and sum to column 32. Columns 39 through 41 do not add to the total on column 38 because there are types of not allocable deductions other than research and development, interest, and general and administrative. Columns 42 through 44 are the deductions to oil and gas extraction income. These amounts are also included in the amounts on columns 32 through 41. Column 45, the total foreign-source taxable income equals column 17 minus column 32 plus columns 46 and 47. Column 48 equals column 17 minus column 32. Column 49 contains the adjustment necessary to derive the total foreign-source taxable income to be used in the calculation of the foreign tax credit limitation. Columns 54 through 62 are the foreign taxes paid, accrued, or deemed paid while columns 67 through 69 are the dividends and deemed paid taxes reported on Schedule C of the Form 1118.

The columns in Table 2 are identical to those in Table 1 but the rows are the different types of separate limitation incomes for which the taxpayer was required to file for 1986. The last row, foreign oil and gas extraction income, is also part of the fourth row, general limitation income.

- [1] Columns and rows may not sum exactly due to rounding.

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major and selected minor industries	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from IC-DISC or former DISC's	Includable income of controlled foreign corporations	Foreign dividend income resulting from foreign taxes deemed paid (grossed-up)	Net income (less deficit)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All industries	4,506	5,435,991.981	2,442,649,277	21,554,661	325,208	3,941,836	14,636,401	140,791,205
Agriculture, forestry and fishing	101	2,250,028	3,074,117	43,098	98	976	4,730	221,938
Mining	144	18,135,933	10,578,720	225,995	—	54,645	226,611	2,042,478
Metal mining	9	738,369	845,700	393	—	—	2,827	105,336
Coal mining	5	3,198,740	2,971,727	—	—	—	—	141,794
Oil and gas extraction	114	12,245,445	4,564,777	223,606	—	54,190	222,741	1,551,874
Nonmetallic minerals, except fuels	16	1,953,360	2,186,458	1,996	—	455	943	243,413
Construction	154	16,593,659	11,500,745	79,655	24	20,315	45,748	390,551
General building contractors and operative builders	80	4,706,097	4,244,370	22,474	—	7,439	13,184	80,441
Heavy construction contractors	19	11,461,261	8,316,073	52,114	24	12,876	28,497	281,642
Special trade contractors	54	426,302	940,301	5,077	—	—	4,067	26,067
Manufacturing	1,591	1,652,858,963	1,368,075,147	18,844,833	285,857	3,020,856	12,990,901	87,924,560
Food and kindred products	87	96,670,391	101,127,181	760,086	5,588	159,305	5,992,881	5,992,881
Tobacco manufactures	5	48,249,238	46,369,396	262,448	8,889	109,231	2,412,849	2,412,849
Textile mill products	24	11,230,426	13,027,749	46,277	131	8,094	22,826	564,203
Apparel and other textile products	43	7,905,450	7,804,911	3,766	22	9,536	3,019	555,860
Lumber and wood products	10	24,834,794	21,804,651	43,058	953	10,717	41,494	1,002,330
Furniture and fixtures	90	4,783,864	7,700,055	12,652	182	354	4,457	771,059
Paper and allied products	58	40,425,977	39,960,512	278,098	12,063	15,168	203,248	2,689,392
Printing and publishing	92	35,274,802	35,550,914	152,975	1,012	10,194	91,426	4,465,067
Chemicals and allied products	184	212,359,190	215,763,743	2,976,226	129,818	930,324	2,197,585	16,337,757
Rubber and miscellaneous plastic products	15	311,401,958	221,389,593	5,743,173	3,357	964,664	4,177,622	16,675,186
Leather and leather products	157	16,787,354	21,563,104	291,098	3,137	26,116	137,082	955,863
Stone, clay and glass products	13	5,744,475	6,521,932	19,212	357	8,302	21,349	492,899
Primary metal industries	45	48,705,651	27,621,733	332,353	3,709	16,172	173,175	2,404,893
Fabricated metal products	31	43,362,139	23,245,278	177,727	2,780	79,072	118,658	915,301
Machinery, except electrical	121	34,143,653	31,830,178	461,935	7,957	16,942	230,511	2,434,396
Electrical and electronic equipment	237	113,752,737	103,822,826	3,437,287	39,934	90,153	2,829,741	6,671,892
Motor vehicles and equipment	155	213,464,450	148,944,384	2,314,782	13,589	1,024,909	9,492,358	9,492,358
Transportation equipment, except motor vehicles	32	309,180,131	221,044,934	1,069,694	32,510	164,737	572,382	5,226,179
Instruments and related products	34	41,225,861	39,494,162	240,678	13,025	27,665	171,701	1,801,885
Miscellaneous manufacturing products & manufacturing not allocable	78	21,755,324	23,354,765	175,606	4,524	86,772	148,237	1,070,512
Transportation and public utilities	160	258,100,948	146,288,983	235,511	1,156	233,294	184,112	8,221,750
Transportation	122	37,156,243	30,265,040	90,982	138	14,627	31,055	1,149,118
Communication	19	145,874,163	87,904,841	130,183	846	144,627	115,921	5,355,575
Electric, gas and sanitary services	18	75,070,543	28,119,102	11,346	172	36,812	17,135	2,707,066
Wholesale and retail trade	719	228,590,902	339,012,482	733,117	5,444	155,257	440,615	9,962,481
Wholesale trade	604	59,287,685	132,168,795	356,873	5,069	150,196	1,307,878	3,307,878
Groceries and related products	25	536,016	2,099,304	809	—	49	—	54,096
Machinery, equipment and supplies	49	5,876,724	9,689,187	36,041	347	37,783	136,134	2,738,689
Miscellaneous wholesale trade	530	52,874,946	126,380,303	320,022	4,721	562	482	324,909
Drugs, chemicals and allied products	21	3,840,678	9,670,596	24,398	21	14,041	80,665	1,538,436
Petroleum and petroleum products	18	13,014,146	19,124,195	117,975	147	22,526	43,427	87,843
Other miscellaneous wholesale trade	491	36,020,122	91,585,512	377,649	4,519	14,774	80,665	1,538,436
Retail trade	115	169,303,217	206,843,687	378,244	34	116,618	290,419	6,655,213
General merchandise stores	11	12,245,212	51,451,627	83,801	—	650	61,261	3,556,867
Food stores	7	6,728,465	11,562,929	1,495	—	991	202	750,059
Apparel and accessory stores	73	21,111,330	19,659,731	150,745	313	21,360	169,652	1,274,827
Eating and drinking places	16	6,558,109	11,874,984	36,323	—	10,798	428,082	27,941,354
Miscellaneous retail stores	999	3,199,635,300	513,718,421	1,148,392	25,216	408,699	608,452	7,291,354
Finance, insurance and real estate	146	1,930,813,897	192,631,798	756,709	302	215,315	400,992	8,000,940
Banking	58	138,412,457	23,460,681	69,183	15,596	28,218	29,123	119,651
Credit agencies other than banks	113	280,565,610	27,803,199	25,980	—	10,641	1,718	29,123
Security, commodity brokers and services	147	814,997,433	256,993,307	181,986	39	141,803	91,767	14,104,334
Insurance	56	11,042,041	4,666,480	50,814	—	37,369	634,241	405,222
Insurance agents, brokers and services	109	4,151,247	1,981,744	3,922	86	1,236	2,942	27,941,354
Real estate	370	19,652,615	6,181,211	59,798	9,194	159	39,061	998,627
Holding & other investment companies except bank holding companies	637	60,428,247	50,376,901	231,899	7,413	47,794	155,132	3,062,213
Services	29	4,983,609	3,587,233	52,382	—	18,207	119,651	203,664
Hotels and other lodging places	8	2,451,161	2,974,624	25,300	—	720	20,709	203,664
Personal services	377	12,939,990	19,450,540	130,296	3,639	7,755	91,499	1,267,207
Business services	15	5,053,715	4,716,930	6,660	—	—	18,966	17,842
Auto repair, miscellaneous repair services	176	24,908,796	12,449,859	16,768	3,679	15,148	18,966	17,842
Amusement and recreational services	42	9,090,676	7,197,406	8,491	95	5,964	6,328	254,241
Other services								

Footnotes at end of table

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major and selected minor industries	Income subject to U.S. tax	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	General business credit	Other credits	U.S. income tax after credits
		Total	Regular and alternative tax					
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(18)
All industries	130,825,826	54,807,185	53,491,339	22,261,231	5,054	6,392,426	35,249	26,113,226
Agriculture, forestry and fishing	213,785	93,908	93,496	12,641	—	8,814	—	72,452
Mining	1,942,335	856,618	845,094	618,542	—	27,405	192	212,480
Metal mining	105,396	48,402	48,402	47,478	—	—	—	924
Coal mining	94,728	39,868	32,223	1,790	—	18,690	148	19,240
Oil and gas extraction	1,528,521	670,249	667,004	567,707	—	2,599	44	99,900
Nonmetallic minerals, except fuels	213,669	100,099	97,464	11,567	—	6,116	—	92,416
Construction	240,788	123,234	116,877	81,723	—	13,490	—	28,012
General building contractors and operative builders	48,266	32,150	31,648	21,039	—	4,655	—	6,456
Heavy construction contractors	165,026	79,554	73,748	55,982	—	8,045	—	15,526
Special trade contractors	27,497	11,530	11,481	4,702	—	798	—	6,030
Manufacturing	82,103,134	35,871,226	34,952,184	18,094,452	1,752	3,329,316	39,338	14,407,370
Food and kindred products	5,572,858	2,435,320	2,399,112	762,682	—	206,449	1,003	1,465,186
Tobacco manufactures	2,324,734	1,050,264	1,039,308	268,650	—	119,589	—	662,025
Textile mill products	555,860	255,486	247,023	29,499	—	42,904	—	183,082
Apparel and other textile products	650,177	297,778	297,538	7,401	332	4,551	—	285,493
Lumber and wood products	1,987,961	1,355,043	1,343,190	1,41,986	—	62,812	—	230,245
Furniture and fixtures	749,752	339,660	337,116	9,494	—	10,228	—	319,938
Paper and allied products	2,339,182	1,004,010	977,085	275,946	—	188,872	—	536,190
Printing and publishing	4,368,788	1,792,745	1,779,998	129,443	—	95,034	—	1,567,768
Chemicals and allied products	15,392,062	6,425,245	6,201,055	3,070,633	51	688,589	4,246	2,661,726
Petroleum (including integrated) and coal	18,188,438	7,902,064	7,739,022	7,071,083	—	229,913	32,349	568,719
Rubber and miscellaneous plastic products	951,797	406,589	389,956	136,324	—	30,351	89	239,825
Leather and leather products	306,160	136,596	134,879	20,899	1,369	6,037	—	108,291
Stone, clay and glass products	2,207,694	964,554	940,655	229,511	—	124,913	2	610,138
Primary metal industries	708,204	295,032	289,022	119,105	—	67,017	—	106,909
Fabricated metal products	2,238,194	955,342	953,450	302,961	—	48,765	408	683,530
Machinery, except electrical	8,439,952	3,869,877	3,806,911	3,092,437	—	93,901	—	1,507,808
Electrical and electronic equipment	8,058,564	3,700,469	3,561,466	1,498,244	—	694,417	—	1,234,956
Motor vehicles and equipment	4,737,984	2,218,482	2,104,506	591,351	—	302,175	1	2,234,956
Transportation equipment, except motor vehicles	1,555,380	647,687	620,942	211,316	—	120,347	—	316,023
Instruments and related products	1,040,165	476,110	459,400	180,805	—	48,253	238	246,815
Miscellaneous manufacturing products & manufacturing not allocable	728,937	332,864	330,085	44,182	—	34,178	—	254,505
Transportation and public utilities	8,880,365	3,860,895	3,740,313	232,474	—	1,520,840	1,367	2,100,214
Transportation	1,044,811	415,657	393,224	58,258	—	179,159	48	179,159
Communication	5,135,485	2,257,335	2,176,500	154,343	—	940,207	—	1,162,784
Electric, gas and sanitary services	2,706,069	1,187,903	1,170,588	19,872	—	402,443	1,317	764,271
Wholesale and retail trade	9,623,141	4,084,701	4,015,277	641,899	2,998	443,425	154	2,996,225
Wholesale trade	3,159,088	1,306,428	1,348,146	290,030	—	70,331	154	1,001,908
Groceries and related products	54,059	17,356	16,605	2,627	—	18	154	16,918
Machinery, equipment and supplies	455,203	179,285	173,465	22,564	—	22,377	—	134,324
Miscellaneous wholesale trade	2,649,767	1,171,787	1,158,077	267,160	—	55,449	—	850,664
Drugs, chemicals and allied products	306,521	134,652	133,366	20,306	—	2,754	—	111,591
Petroleum and petroleum products	866,989	394,619	393,846	143,748	—	11,402	—	239,469
Other miscellaneous wholesale trade	1,476,257	642,516	631,064	103,125	—	39,787	—	1,994,319
Retail trade	6,464,053	2,716,272	2,687,130	351,868	2,998	307,087	—	4,099,404
General merchandise stores	3,433,697	1,419,804	1,402,461	97,171	—	213,160	—	1,494,473
Food stores	732,962	288,594	278,919	61,364	2,998	43,292	—	1,870,740
Apparel and accessory stores	670,833	276,611	276,611	4,122	—	4,352	—	258,137
Eating and drinking places	1,260,160	530,500	510,900	176,898	—	94,837	—	258,866
Miscellaneous retail stores	436,381	200,964	199,249	12,315	—	11,646	—	177,003
Finance, insurance and real estate	24,915,927	8,650,940	8,488,561	2,652,119	303	809,846	-5,570	5,584,242
Banking	7,566,724	3,008,333	2,917,677	1,769,609	—	396,914	—	841,809
Credit agencies other than banks	979,531	440,454	435,968	116,709	—	30,256	—	293,490
Security, commodity brokers and services	2,144,746	870,192	859,668	42,567	—	210,500	4	517,120
Insurance	12,332,627	3,624,434	3,585,465	235,839	303	125,162	-5,576	3,286,706
Insurance agents, brokers and services	626,967	279,307	277,989	43,746	—	6,791	—	228,770
Real estate	392,334	126,371	117,075	6,709	—	1,585	—	118,077
Holding and other investment companies	872,598	301,848	294,719	45,941	—	38,637	1	216,269
-except bank holding companies	2,881,261	1,254,137	1,230,737	317,281	—	239,281	768	696,806
Services	386,830	146,753	141,778	39,023	—	8,089	—	199,642
Hotels and other lodging places	156,211	88,941	86,256	22,763	—	9,000	—	55,178
Business services	1,204,204	548,738	540,093	138,237	—	45,147	768	364,587
Automotive, miscellaneous repair services	183,317	83,085	83,960	15,558	—	48,545	—	36,881
Amusement and recreational services	660,518	283,823	278,816	100,275	—	104,090	—	75,457
Other services	245,180	103,897	99,833	16,426	—	26,409	—	61,062
Footnotes at end of table								

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Major and selected minor industries	Foreign income and taxes reported on Form 1118									
	Gross income (less loss) excluding branch operations and specialty allocable income									
	Total	Dividends	Dividend gross-up	Interest	Rents, royalties and license fees	Service income	Net capital gain	Partnership income	Other income	
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	
All industries.....	93,530,645	25,789,233	14,635,179	18,670,536	11,901,161	6,372,908	3,900,464	120,416	12,140,747	
Agriculture, forestry and fishing.....	531,190	42,126	4,730	5,182	28,417	409,463	73	18	41,181	
Mining.....	2,626,853	279,561	226,611	62,018	630,501	321,364	-870	-7,171	1,114,839	
Metal mining.....	423,336	393	2,927	10,981	7,788	—	—	—	93,949	
Coal mining.....	49,655	—	—	4,276	1,451	—	—	—	43,929	
Oil and gas extraction.....	2,147,458	276,721	222,741	45,947	628,181	6,700	-2,704	-7,171	976,992	
Nonmetallic minerals, except fuels.....	16,404	2,447	943	813	181	276	1,834	—	9	
Construction.....	303,462	90,256	45,748	6,043	21,220	99,460	3,712	27,608	9,417	
General building contractors and operative builders.....	122,630	29,913	13,184	2,459	4,209	65,446	2,879	-279	4,809	
Heavy construction contractors.....	147,393	55,270	28,497	3,066	16,998	11,947	533	27,884	3,008	
Special trade contractors.....	33,439	5,073	4,067	508	223	22,167	—	—	1,601	
Manufacturing.....	59,317,598	22,236,131	12,989,791	2,384,414	9,157,558	1,830,261	3,038,153	38,700	7,672,569	
Food and kindred products.....	2,155,316	853,557	560,589	145,544	367,042	28,602	96,562	11,871	81,548	
Tobacco manufactures.....	920,266	297,730	226,438	39,055	218,698	6,037	54,563	1,539	76,183	
Textile mill products.....	111,191	48,804	22,825	7,318	20,181	6,669	3,918	302	1,174	
Apparel and other textile products.....	54,476	13,185	3,019	551	37,034	261	7	79	329	
Lumber and wood products.....	123,917	53,775	14,494	13,341	983	11,197	—	—	13,225	
Furniture and fixtures.....	46,399	11,230	4,456	1,277	7,015	4,026	16,180	—	2,115	
Paper and allied products.....	927,078	292,297	203,248	32,486	233,175	6,727	124,975	319	33,851	
Printing and publishing.....	579,190	156,672	91,424	40,830	115,623	79,612	6,399	10,089	78,561	
Chemicals and allied products.....	10,187,367	4,297,233	2,197,589	315,514	1,406,010	191,449	408,445	5,777	1,055,349	
Petroleum (including integrated) and coal products.....	18,941,529	7,274,064	4,177,618	867,807	161,874	569,770	949,559	12,286	4,928,132	
Rubber and miscellaneous plastic products.....	616,033	302,770	135,904	5,264	81,000	66,555	-737	135	25,082	
Leather and leather products.....	68,586	25,705	21,349	1,852	9,572	5,537	299	4	4,872	
Stone, clay and glass products.....	771,037	330,100	173,175	10,486	112,709	10,226	3,554	2,156	127,730	
Primary metal industries.....	673,470	273,259	118,854	12,042	165,152	25,949	6,226	-568	72,556	
Fabricated metal products.....	956,812	428,748	230,512	25,549	113,124	37,580	67,707	-10,276	63,667	
Machinery, except electrical.....	11,697,742	3,383,443	2,829,754	205,688	4,929,587	100,263	32,105	2,569	214,335	
Electrical and electronic equipment.....	6,486,951	2,534,174	1,024,914	274,871	478,353	1,147,123	-434	327,274	69,676	
Motor vehicles and equipment.....	2,324,715	1,027,111	577,362	233,365	182,194	81,518	49,836	2,828	170,503	
Transportation equipment, except motor vehicles.....	814,954	328,585	171,701	78,706	40,449	110,774	68,621	—	15,119	
Instruments and related products.....	887,562	234,013	148,235	36,842	207,804	16,118	20	47	44,484	
Miscellaneous manufacturing products & manufacturing not allocable.....	173,008	58,675	29,271	15,925	49,043	1,831	1,994	—	15,269	
Transportation and public utilities.....	2,961,694	428,294	164,110	70,807	138,956	2,046,139	18,184	19,283	75,821	
Transportation.....	774,805	112,924	31,053	31,547	9,445	572,421	9,928	1,169	6,317	
Communication.....	2,103,690	267,387	115,921	37,658	126,347	1,473,073	8,249	18,114	56,940	
Electric, gas and sanitary services.....	83,200	47,983	17,135	1,602	3,164	645	7	—	12,664	
Wholesale and retail trade.....	3,721,614	867,938	440,615	191,409	457,892	162,284	107,644	482	1,493,390	
Wholesale trade.....	2,407,228	391,510	150,195	116,804	330,437	103,300	77,571	1,103	1,336,308	
Groceries and related products.....	12,329	909	9	677	148	—	—	—	668	
Machinery, equipment and supplies.....	109,416	35,524	12,052	7,498	21,769	4,964	6,668	30	20,911	
Miscellaneous wholesale trade.....	2,385,483	345,177	138,134	108,629	308,521	98,337	70,903	1,072	1,314,711	
Drugs, chemicals and allied products.....	246,695	24,880	14,041	2,065	9,587	724	37	—	105,339	
Petroleum and petroleum products.....	595,917	178,580	43,427	5,093	260,140	—	-13	—	108,699	
Other miscellaneous wholesale trade.....	1,542,872	141,717	80,665	101,450	38,793	97,612	70,878	-1,072	1,010,683	
Retail trade.....	1,224,386	486,428	290,420	74,605	127,455	58,984	30,073	-621	157,042	
General merchandise stores.....	480,443	191,112	61,262	51,589	5,966	55,549	-296	1	114,581	
Food stores.....	179,860	84,451	51,206	765	22,375	—	203	—	20,860	
Apparel and accessory stores.....	25,839	2,486	202	128	2,308	—	1,235	—	19,479	
Eating and drinking places.....	457,638	170,251	166,952	22,015	93,202	3,178	316	-622	2,346	
Miscellaneous retail stores.....	80,605	38,128	10,798	109	2,604	257	26,615	—	96	
Finance, insurance and real estate.....	21,559,140	1,572,343	608,343	15,921,461	270,511	802,632	715,723	11,451	1,658,675	
Banking.....	15,895,500	935,731	400,992	13,398,257	202,066	112,733	265,673	3,340	576,708	
Credit agencies other than banks.....	1,068,099	170,820	29,123	829,912	29,364	260,771	64,810	333	482,966	
Security, commodity brokers and services.....	382,295	33,264	7,178	291,800	5,708	49,120	—	—	4894	
Insurance.....	2,679,360	307,621	91,787	1,364,449	17,487	255,148	367,958	891	574,020	
Insurance agents, brokers and services.....	202,867	60,425	37,372	23,237	6,378	68,937	2,109	607	6,214	
Real estate.....	30,357	4,914	2,942	546	1,773	14,056	—	11	—	
Holding & other investment companies except bank holding companies.....	190,664	59,669	38,949	13,259	7,735	41,868	15,173	1,375	12,634	
Services.....	2,496,841	270,431	155,132	49,202	1,196,105	701,304	17,845	30,048	76,773	
Hotels and other lodging places.....	132,785	64,331	17,630	778	35,413	12,002	65	430	2,107	
Personal services.....	103,918	23,785	20,709	1,627	2,069	55,290	—	—	338	
Business services.....	810,161	132,861	91,499	23,825	189,809	300,330	14,899	8,970	49,972	
Auto repair, miscellaneous repair services.....	115,614	—	—	4,482	—	457	—	—	4,886	
Amusement and recreational services.....	1,212,758	35,538	18,966	10,933	959,131	166,824	—	3,734	17,620	
Other services.....	221,605	13,936	6,328	7,558	3,883	166,401	2,885	18,576	2,039	

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Major and selected minor industries	Foreign income and taxes reported on Form 1118						Deductions other than from branch operations and specialty allocable income	
	Oil and gas extraction income (less loss)						Total	Deductions allocable to specific types of income
	Total	From extraction of oil or gas	From sale of business assets	Dividends from foreign corporations	Includable income of controlled foreign corporations	Partnership income		
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
All industries.....	18,093,774	10,909,143	237,186	6,827,128	123,828	-3,511	39,118,710	23,757,954
Agriculture, forestry and fishing.....	—	—	—	—	—	—	440,643	431,706
Mining.....	1,931,262	1,592,354	-243	231,604	114,737	-7,190	1,205,761	1,176,837
Metal mining.....	—	—	—	—	—	—	387,973	382,409
Coal mining.....	—	—	—	—	—	—	37,555	35,347
Oil and gas extraction.....	1,931,262	1,592,354	-243	231,604	114,737	-7,190	778,303	757,905
Nonmetallic minerals, except fuels.....	—	—	—	—	—	—	1,829	1,175
Construction.....	—	—	—	—	—	—	109,751	92,536
General building contractors and operative builders.....	—	—	—	—	—	—	64,731	57,075
Heavy construction contractors.....	—	—	—	—	—	—	23,074	14,149
Special trade contractors.....	—	—	—	—	—	—	21,946	21,312
Manufacturing.....	15,884,903	9,050,274	237,422	6,593,597	—	3,609	17,556,327	13,597,936
Food and kindred products.....	—	—	—	—	—	—	342,890	227,992
Tobacco manufactures.....	—	—	—	—	—	—	313,102	139,082
Textile mill products.....	—	—	—	—	—	—	21,003	12,762
Apparel and other textile products.....	—	—	—	—	—	—	9,288	6,493
Lumber and wood products.....	—	—	—	—	—	—	5,966	603
Furniture and fixtures.....	—	—	—	—	—	—	6,211	4,071
Paper and allied products.....	—	—	—	—	—	—	182,189	43,054
Printing and publishing.....	—	—	—	—	—	—	159,505	116,923
Chemicals and allied products.....	1,053,885	456,105	—	587,781	—	—	3,297,112	2,393,009
Petroleum (including integrated) and coal products.....	14,830,925	8,584,077	237,422	6,005,817	—	3,609	6,802,704	6,490,749
Rubber and miscellaneous plastic products.....	—	—	—	—	—	—	77,805	15,047
Leather and leather products.....	—	—	—	—	—	—	7,545	6,257
Stone, clay and glass products.....	—	—	—	—	—	—	162,263	93,420
Primary metal industries.....	—	—	—	—	—	—	276,888	163,178
Fabricated metal products.....	—	—	—	—	—	—	209,768	117,304
Machinery, except electrical.....	—	—	—	—	—	—	2,718,771	2,206,227
Electrical and electronic equipment.....	93	93	—	—	—	—	1,422,759	1,037,035
Motor vehicles and equipment.....	—	—	—	—	—	—	600,063	212,932
Transportation equipment, except motor vehicles.....	—	—	—	—	—	—	276,539	250,076
Instruments and related products.....	—	—	—	—	—	—	214,095	31,352
Miscellaneous manufacturing products & manufacturing not allocable.....	—	—	—	—	—	—	47,763	30,968
Transportation and public utilities.....	14,419	12,664	7	1,678	—	70	1,378,497	1,065,670
Transportation.....	70	—	—	—	—	70	599,077	545,907
Communication.....	—	—	—	—	—	—	753,357	533,103
Electric, gas and sanitary services.....	14,349	12,664	7	1,678	—	—	24,063	16,960
Wholesale and retail trade.....	257,080	247,740	—	249	9,091	—	2,015,194	1,495,117
Wholesale trade.....	257,080	247,740	—	249	9,091	—	1,654,524	1,305,820
Groceries and related products.....	—	—	—	—	—	—	580	580
Machinery, equipment and supplies.....	—	—	—	—	—	—	36,486	20,993
Miscellaneous wholesale trade.....	257,080	247,740	—	249	9,091	—	1,615,358	1,284,193
Drugs, chemicals and allied products.....	—	—	—	—	—	—	147,880	144,911
Petroleum and petroleum products.....	257,080	247,740	—	249	9,091	—	279,859	207,054
Other miscellaneous wholesale trade.....	—	—	—	—	—	—	1,187,618	932,227
Retail trade.....	—	—	—	—	—	—	360,670	169,297
General merchandise stores.....	—	—	—	—	—	—	254,301	147,950
Food stores.....	—	—	—	—	—	—	19,776	19,404
Apparel and accessory stores.....	—	—	—	—	—	—	12,867	12,826
Eating and drinking places.....	—	—	—	—	—	—	73,066	8,908
Miscellaneous retail stores.....	—	—	—	—	—	—	661	210
Finance, insurance and real estate.....	6,110	6,110	—	—	—	—	15,241,411	5,087,736
Banking.....	—	—	—	—	—	—	11,691,953	2,483,017
Credit agencies other than banks.....	—	—	—	—	—	—	1,659,250	977,772
Security, commodity brokers and services.....	—	—	—	—	—	—	147,376	63,474
Insurance.....	6,110	6,110	—	—	—	—	1,586,466	1,457,960
Insurance agents, brokers and services.....	—	—	—	—	—	—	74,564	47,224
Real estate.....	—	—	—	—	—	—	18,190	16,262
Holding & other investment companies.....	—	—	—	—	—	—	—	—
except bank holding companies.....	—	—	—	—	—	—	61,014	42,038
Services.....	—	—	—	—	—	—	1,573,125	780,117
Hotels and other lodging places.....	—	—	—	—	—	—	52,844	21,020
Personal services.....	—	—	—	—	—	—	53,178	47,527
Business services.....	—	—	—	—	—	—	391,075	323,512
Auto repair, miscellaneous repair services.....	—	—	—	—	—	—	12,776	13,628
Amusement and recreational services.....	—	—	—	—	—	—	890,520	237,235
Other services.....	—	—	—	—	—	—	172,732	143,895
Footnotes at end of table.....	—	—	—	—	—	—	—	—

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued
(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major and selected minor industries	Foreign income and taxes reported on Form 1118							
	Deductions other than from branch operations and specialty allocable income—Continued							
	Deductions allocable to specific types of income—Continued				Deductions not allocable to specific types of income			
	Rental, royalty and licensing expenses		Service expenses	Other deductions	Total	Research and development	Interest	General and administrative
	Depreciation, depletion and amortization	Other						
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
All industries	318,003	973,931	2,877,092	19,588,927	15,360,756	83,188	5,307,304	1,929,676
Agriculture, forestry and fishing	—	283	—	431,423	8,937	—	6,937	1,901
Mining	75,249	325,938	172,006	603,644	28,924	9	3,270	77
Metal mining	—	—	—	213,454	5,564	—	138	—
Coal mining	—	1,079	—	34,268	2,308	—	—	—
Oil and gas extraction	75,249	324,859	3,051	354,747	20,398	9	3,233	11
Nonmetallic minerals, except fuels	—	—	—	11,175	1,654	—	—	—
Construction	5	1,383	83,033	8,115	17,216	—	446	4,418
General building contractors and operative builders	—	—	56,402	673	7,656	—	446	4,421
Heavy construction contractors	5	1	6,701	7,442	8,926	—	—	—
Special trade contractors	—	1,383	—	19,930	634	—	—	—
Manufacturing	121,352	252,974	642,355	12,581,254	3,558,391	82,608	547,556	1,228,419
Food and kindred products	203	59,134	12,914	155,142	115,597	—	20,354	5,138
Tobacco manufactures	—	437	4,727	133,918	174,020	—	65,374	94,026
Textile mill products	67	2,670	5,330	4,695	8,241	—	2,303	731
Apparel and other textile products	5	2,714	1	3,773	2,795	—	246	72
Lumber and wood products	—	—	2,566	1,505	2,140	—	—	—
Furniture and fixtures	—	—	137	40,523	139,134	7,308	6,940	76,899
Paper and allied products	246	17,094	38,410	61,174	42,582	—	77,323	347,974
Printing and publishing	3,754	14,558	99,991	2,274,707	904,102	14,860	—	—
Chemicals and allied products	—	—	—	—	—	—	—	—
Petroleum (including integrated) and coal products	9	4,724	57,314	6,428,703	311,954	—	101,213	160,408
Rubber and miscellaneous plastic products	56	1,848	1,438	11,705	62,759	10,826	12,768	25,057
Leather and leather products	11	127	2,421	3,658	1,288	—	352	—
Stone, clay and glass products	507	1,157	12,524	79,222	68,943	—	8,409	17,295
Primary metal industries	26,952	82,842	4,982	68,403	113,769	—	11,511	80,891
Fabricated metal products	2,039	1,475	24,057	89,732	92,464	3,233	19,551	34,677
Machinery, except electrical	36,260	16,982	16,051	2,139,934	512,544	22,450	35,698	165,310
Electrical and electronic equipment	18,507	41,350	180,769	795,409	385,724	23,768	69,689	108,055
Motor vehicles and equipment	22,831	4,156	63,675	122,270	387,130	—	135,084	61,423
Transportation equipment, except motor vehicles	9,872	7,474	101,425	131,305	28,483	—	19,125	3,790
Instruments and related products	14	651	10,728	19,959	162,743	169	7,018	82,678
Miscellaneous manufacturing products & manufacturing not allocable	19	13,446	200	17,304	16,794	3	258	19
Transportation and public utilities	2,618	19,412	962,536	111,403	280,520	—	24,353	3,179
Transportation	506	353	537,223	7,824	53,170	—	23,858	2,864
Communication	1,701	17,726	425,249	88,426	220,254	—	494	94
Electric, gas and sanitary services	411	1,332	64	15,152	7,103	—	—	—
Wholesale and retail trade	1,600	2,644	71,747	1,419,125	520,078	—	20,856	9,773
Wholesale trade	1,481	1,581	48,103	1,254,655	348,705	—	14,794	1,500
Groceries and related products	—	—	—	833	7	—	3	—
Machinery, equipment and supplies	—	92	23	20,879	17,493	—	5,141	1,501
Miscellaneous wholesale trade	1,481	1,489	48,080	1,233,142	331,165	—	9,651	1,491
Drugs, chemicals and allied products	1,170	—	—	144,911	2,969	—	479	48
Petroleum and petroleum products	311	1,489	48,080	882,347	255,391	—	4,037	1,065
Other miscellaneous wholesale trade	119	1,063	23,645	164,470	171,373	—	5,140	1,055
Retail trade	—	—	21,618	126,333	106,351	—	6,081	829
General merchandise stores	—	—	—	19,404	372	—	—	—
Food stores	—	739	—	12,096	41	—	15	—
Apparel and accessory stores	119	313	2,027	6,449	64,158	—	—	43
Eating and drinking places	—	11	—	199	451	—	18	—
Miscellaneous retail stores	—	—	—	—	—	—	—	—
Finance, insurance and real estate	49,243	217,028	527,081	4,294,384	10,153,675	90	4,703,385	676,887
Banking	44,887	200,847	46,404	2,190,880	9,208,935	90	4,688,326	642,801
Credit agencies other than banks	2,712	2,692	220,190	752,188	681,478	—	7,036	1,441
Security, commodity brokers and services	811	3,055	33,260	26,347	84,502	—	—	31,340
Insurance	—121	11,215	149,212	1,297,654	130,506	—	5,068	—
Insurance agents, brokers and services	—	—	45,181	2,044	27,340	—	572	—
Real estate	—	—959	13,615	3,596	1,936	—	—	—
Holding & other investment companies except bank holding companies	954	179	19,230	21,674	18,976	—	2,383	1,304
Services	67,936	154,268	418,334	139,579	793,008	480	500	4,027
Hotels and other lodging places	—	—	—	10,957	1,576	—	—	—
Personal services	—	423	44,833	2,271	5,651	—	—	—
Business services	4,457	54,165	223,440	67,563	15,849	480	390	1,865
Auto repair, miscellaneous repair services	13,625	—	—	101	—	—	—	2,137
Amusement and recreational services	58,914	68,393	14,548	75,380	653,285	—	—	—
Other services	940	2,800	124,354	15,800	28,837	—	110	—

Footnotes at end of table.

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued
(All figures are estimates based on samples—money amounts are in thousands of dollars)

Foreign income and taxes reported on Form 1118										
Major and selected minor industries	Deductions from oil and gas extraction income			Taxable income (less loss)					Recapture of prior year foreign losses	After loss recapture
	Total	Allocable to specific types of income	Not allocable to specific types of income	Before loss recapture			Other than from branch operations and specialty allocable income			
				Total	Foreign branch income	Specialty allocable income (Section 863 (B))				
(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)		
All industries	6,086,517	6,011,916	74,601	65,809,314	9,496,597	1,900,781	54,411,935	176,990	65,632,334	
Agriculture, forestry and fishing	—	—	—	89,417	2,103	973	90,547	4,667	84,750	
Mining	845,227	799,644	45,584	1,474,879	53,810	—24	1,421,093	—	1,474,879	
Metal mining	—	—	—	1,055,671	70,300	—	35,363	—	1,055,671	
Coal mining	—	—	—	12,108	109	—	12,000	—	12,108	
Oil and gas extraction	845,227	799,644	45,584	1,348,218	20,937	—	1,369,155	—	1,348,218	
Nonmetallic minerals, except fuels	—	—	—	8,882	4,331	24	4,575	—	8,882	
Construction	—	—	—	203,554	9,063	780	193,711	1,210	202,344	
General building contractors and operative builders	—	—	—	58,679	—	780	57,899	1,210	57,469	
Heavy construction contractors	—	—	—	133,382	9,063	—	124,319	—	133,382	
Special trade contractors	—	—	—	11,493	—	—	11,493	—	11,493	
Manufacturing	5,123,119	5,096,278	26,841	48,808,782	4,871,610	1,775,902	42,161,271	130,772	48,678,011	
Food and kindred products	—	—	—	2,029,615	202,041	15,249	1,812,326	41,449	1,988,167	
Tobacco manufactures	—	—	—	643,244	68,710	104,790	607,164	—	643,244	
Textile mill products	—	—	—	90,190	8	10	90,189	790	89,401	
Apparel and other textile products	—	—	—	46,902	1,679	36	45,187	6,167	40,735	
Lumber and wood products	—	—	—	106,934	1,388	12,405	117,951	—	106,934	
Furniture and fixtures	—	—	—	40,640	86	356	40,188	—	40,640	
Paper and allied products	—	—	—	767,718	4,180	18,648	744,890	830	768,888	
Printing and publishing	—	—	—	401,312	23,248	4,875	419,685	—	401,312	
Chemicals and allied products	23,404	4,285	19,118	7,744,091	590,224	263,612	6,890,255	17,032	7,727,059	
Petroleum (including integrated) and coal products	5,099,623	5,091,900	7,723	16,000,128	3,813,694	47,609	12,138,826	30,320	15,969,808	
Rubber, plastic, and miscellaneous plastic products	—	—	—	538,581	2,091	—	538,228	28,511	510,070	
Leather and leather products	—	—	—	60,412	388	1,016	61,040	—	60,412	
Stone, clay and glass products	—	—	—	621,410	744	11,893	608,773	401	621,009	
Primary metal industries	—	—	—	426,267	7,349	22,335	396,582	68	426,198	
Fabricated metal products	—	—	—	783,947	21,869	15,034	747,044	193	783,754	
Machinery, except electrical	—	—	—	9,596,648	267,623	350,054	8,978,972	2,499	9,584,150	
Electrical and electronic equipment	93	93	—	5,458,641	134,957	259,492	5,064,192	894	5,457,747	
Motor vehicles and equipment	—	—	—	2,168,987	115,303	559,639	1,724,652	1,194	2,167,793	
Transportation equipment, except motor vehicles	—	—	—	546,985	14,209	3,639	536,415	—	546,985	
Instruments and related products	—	—	—	608,043	18,967	115,609	473,467	181	607,862	
Miscellaneous manufacturing products & manufacturing not allocable	—	—	—	128,085	1,319	1,521	126,245	199	127,886	
Transportation and public utilities	8,370	8,370	—	1,701,947	28,261	88,499	1,585,197	5,092	1,696,855	
Transportation	—	—	—	275,705	11,618	88,359	175,728	4,157	271,548	
Communication	—	—	—	1,366,522	16,646	130	1,350,333	389	1,366,139	
Electric, gas and sanitary services	8,370	8,370	—	59,715	579	—	59,137	545	59,170	
Wholesale and retail trade	103,549	101,373	2,176	1,856,204	131,048	18,136	1,706,420	13,662	1,843,142	
Wholesale trade	103,549	101,373	2,176	899,595	38,819	18,073	842,704	1,557	898,138	
Groceries and related products	—	—	—	11,649	—	—	11,649	—	11,649	
Machinery, equipment and supplies	—	—	—	75,164	2,601	1,633	70,930	—	75,164	
Miscellaneous wholesale trade	103,549	101,373	2,176	822,783	36,217	16,440	770,126	1,557	821,220	
Drugs, chemicals and allied products	—	—	—	108,202	8,733	655	98,814	—	108,202	
Petroleum and petroleum products	—	—	—	316,543	465	—	316,058	367	316,176	
Other miscellaneous wholesale trade	103,549	101,373	2,176	398,038	26,999	15,785	355,254	1,191	396,847	
Retail trade	—	—	—	956,609	92,830	63	863,716	845	956,106	
General merchandise stores	—	—	—	285,283	59,141	—	226,142	—	273,779	
Food stores	—	—	—	160,328	244	—	160,085	—	160,328	
Apparel and accessory stores	—	—	—	12,972	—	—	12,972	—	12,972	
Eating and drinking places	—	—	—	418,835	34,200	63	384,572	—	418,835	
Miscellaneous retail stores	—	—	—	79,190	755	—	79,944	—	79,190	
Finance, insurance and real estate	6,252	6,252	(1)	10,619,505	4,291,240	10,536	6,317,729	14,316	10,605,189	
Banking	—	—	—	8,107,227	3,903,680	(1)	4,203,547	5,876	8,101,351	
Credit agencies other than banks	—	—	—	350,768	141,919	—	208,849	—	350,768	
Security, commodity brokers and services	—	—	—	272,522	28,303	—	244,319	—	272,522	
Insurance	—	—	—	1,611,338	206,807	10,536	1,399,884	8,107	1,603,231	
Insurance agents, brokers and services	6,252	6,252	(1)	125,684	2,619	—	123,303	—	125,684	
Real estate	—	—	—	17,545	5,076	—	12,167	—	17,545	
Holding and other investment companies except bank holding companies	—	—	—	134,421	4,771	—	129,650	333	134,088	
Services	—	—	—	1,042,773	113,098	5,988	923,716	7,861	1,034,912	
Hotels and other lodging places	—	—	—	1,122,645	42,704	—	79,941	—	1,122,645	
Personal services	—	—	—	50,990	250	—	50,740	—	50,990	
Business services	—	—	—	500,947	76,872	5,988	419,087	7,861	493,086	
Auto repair, miscellaneous repair services	—	—	—	2,948	10	—	2,938	—	2,948	
Amusement and recreational services	—	—	—	315,609	6,629	—	322,237	—	315,609	
Other services	—	—	—	49,634	761	—	48,873	—	49,634	
Footnotes at end of this report	—	—	—	—	—	—	—	—	—	

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Foreign income and taxes reported on Form 1118									
Major and selected minor industries	Foreign taxes available for credit								
	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Paid or accrued					Other taxes paid or accrued on
				Taxes withheld at source on				Branch income	
				Total	Dividends	Interest	Rent, royalties and license fees			Service income
	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
All industries.....	27,407,906	1,059,505	28,467,411	8,467,889	2,329,825	756,804	808,655	3,273,582	152,570
Agriculture, forestry and fishing.....	26,241	—	26,241	10,962	1,268	136	1,785	71	7,613
Mining.....	1,057,210	180,493	1,237,702	605,885	50,957	1,326	203,836	62,730	29,756
Metal mining.....	1,068,261	5,701	1,073,961	70,261	136	71	—	—	28,097
Coal mining.....	9,621	—	9,621	9,604	—	281	132	95	—
Oil and gas extraction.....	877,113	174,792	1,051,906	524,940	50,553	854	203,688	21,785	1,658
Nonmetallic minerals, except fuels.....	2,214	—	2,214	1,080	368	121	16	460	29
Construction.....	100,127	—	100,127	30,307	9,238	88	1,516	4,307	707
General building contractors and operative builders.....	36,833	—	36,833	2,995	1,394	65	443	—	306
Heavy construction contractors.....	58,570	—	58,570	26,654	7,371	8	1,070	4,307	232
Special trade contractors.....	4,724	—	4,724	657	471	15	2	—	199
Manufacturing.....	21,995,773	651,926	22,647,699	5,813,368	2,086,037	125,544	517,930	2,348,107	75,446
Food and kindred products.....	840,968	—	840,968	246,198	87,712	9,530	22,395	108,168	2,448
Tobacco manufactures.....	252,199	—	252,199	65,761	35,354	884	14,196	13,590	34
Textile mill products.....	31,246	—	31,246	6,152	3,334	55	1,213	1,181	351
Apparel and other textile products.....	7,977	—	7,977	4,530	1,138	34	3,080	227	26
Lumber and wood products.....	49,025	43	49,068	7,574	4,283	1,911	782	1,560	76
Furniture and fixtures.....	11,146	—	11,146	3,961	2,937	142	745	100	22
Paper and allied products.....	281,325	—	281,325	65,297	38,206	2,163	14,747	5,026	284
Printing and publishing.....	138,950	—	138,950	31,487	11,099	927	6,468	5,377	123
Chemicals and allied products.....	3,263,203	22,176	3,285,379	825,736	364,679	19,893	90,271	311,926	8,450
Petroleum (including integrated) and coal products.....	9,381,313	829,025	10,210,338	2,903,559	642,871	36,308	9,817	1,664,089	24,207
Rubber and miscellaneous plastic products.....	191,773	—	191,773	49,765	26,793	519	9,443	1,431	614
Leather and leather products.....	24,854	188	25,042	3,640	1,747	43	892	444	286
Stone, clay and glass products.....	250,009	—	250,009	41,169	29,545	235	9,602	333	677
Primary metal industries.....	196,061	—	196,061	30,182	12,889	367	11,273	4,359	362
Fabricated metal products.....	349,258	—	349,258	69,509	47,982	2,291	7,114	6,345	435
Machinery, except electrical.....	3,724,867	116	3,724,983	798,480	404,865	14,445	231,301	132,080	2,157
Electrical and electronic equipment.....	1,604,687	379	1,605,065	270,267	107,010	7,427	58,408	45,762	11,829
Motor vehicles and equipment.....	887,276	—	887,276	307,409	218,990	22,046	8,329	34,753	18,728
Transportation equipment, except motor vehicles.....	218,066	—	218,066	30,090	20,436	1,580	3,074	4,889	25
Instruments and related products.....	204,370	—	204,370	40,977	20,596	1,403	12,601	5,236	766
Miscellaneous manufacturing products & manufacturing not allocable.....	47,197	—	47,197	11,605	3,571	3,333	2,158	1,226	40
Transportation and public utilities.....	240,919	3	240,919	59,810	23,282	4,702	11,617	6,791	3,838
Transportation.....	63,911	3	63,914	17,067	4,423	4,333	788	4,025	1,962
Communication.....	155,549	—	155,549	39,616	17,919	324	10,608	2,636	1,869
Electric, gas and sanitary services.....	21,456	—	21,456	3,127	939	45	221	130	381
Wholesale and retail trade.....	860,091	26,220	886,312	236,370	50,015	6,084	15,830	40,440	3,818
Wholesale trade.....	446,528	26,220	472,748	153,941	26,033	2,573	4,069	21,873	2,702
Groceries and related products.....	320	—	320	248	131	89	115	—	208
Machinery, equipment and supplies.....	29,696	1	29,697	7,710	2,671	69	1,230	1,649	208
Miscellaneous wholesale trade.....	416,512	26,219	442,731	145,983	23,231	2,395	2,825	20,224	2,494
Drugs, chemicals and allied products.....	20,648	—	20,648	5,360	1,321	531	959	2,517	12
Petroleum and petroleum products.....	269,021	26,219	295,240	106,715	13,118	46	84	399	12
Other miscellaneous wholesale trade.....	126,843	—	126,843	33,907	8,792	1,818	1,782	17,308	2,482
Retail trade.....	413,564	—	413,564	82,429	23,963	3,511	11,760	18,567	717
General merchandise stores.....	120,164	—	120,164	42,327	8,530	1,216	697	11,600	1,129
Food stores.....	65,705	—	65,705	14,458	10,853	85	2,268	193	—
Apparel and accessory stores.....	4,122	—	4,122	3,920	726	37	416	—	—
Eating and drinking places.....	210,367	—	210,367	20,085	2,404	2,155	8,292	6,773	389
Miscellaneous retail stores.....	13,206	—	13,206	1,638	1,470	17	87	—	19
Finance, insurance and real estate.....	2,718,543	863	2,719,406	1,572,063	95,974	616,461	8,030	761,227	14,810
Banking.....	2,150,630	—	2,150,630	1,324,005	74,747	585,778	4,288	634,561	35
Credit agencies other than banks.....	119,852	—	119,852	64,723	2,958	11,670	2,527	29,556	294
Security, commodity brokers and services.....	45,751	—	45,751	20,515	3,090	9,557	158	8,865	9,439
Insurance.....	265,599	863	266,462	145,250	7,258	15,059	139	82,712	4
Insurance agents, brokers and services.....	47,092	—	47,092	4,462	3,691	43	116	—	1,197
Real estate.....	7,046	—	7,046	4,080	296	(1)	37	2,247	138
Holding & other investment companies except bank holding companies.....	62,575	—	62,575	9,029	3,943	154	764	2,186	156
Services.....	408,906	—	408,906	139,125	13,056	2,463	48,142	49,908	16,942
Hotels and other lodging places.....	72,330	—	72,330	28,247	1,945	83	5,355	16,110	1,492
Personal services.....	35,135	—	35,135	4,205	2,175	68	156	191	6,572
Business services.....	169,295	—	169,295	60,695	6,884	1,417	9,795	31,642	812
Auto repair, miscellaneous repair services.....	558	—	558	558	—	—	—	—	—
Amusement and recreational services.....	103,943	—	103,943	36,620	1,536	104	32,362	1,628	716
Other services.....	27,643	—	27,643	8,599	517	265	468	316	2,355

Footnotes at end of table

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Foreign income and taxes reported on Form 1118										
Major and selected minor industries	Foreign taxes available for credit—Continued				Foreign tax credit computed			Income taxes of related foreign corporations and U.S.-DISCs		
	Paid or accrued—Continued		Deemed paid	Carryover	Before reduction for international tax credit operations	Reduction for international tax credit operations	After reduction for international tax credit operations	Dividends paid or constructively distributed to domestic corporations	Dividends constructively distributed to domestic corporations	Taxes deemed paid by domestic corporations on constructively received dividends
	Partnership income	Other income								
	(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)
All industries.....	41,785	1,104,564	14,635,173	5,364,349	22,260,336	727	22,259,609	22,444,055	3,132,133	1,218,183
Agriculture, forestry and fishing.....	21	67	4,730	10,550	12,641	—	12,641	9,743	978	1,067
Mining.....	1	257,241	226,611	405,206	618,542	—	618,542	204,698	54,471	76,916
Metal mining.....	—	1,667	2,927	100,774	47,478	—	47,478	356	—	—
Coal mining.....	—	9,096	—	17	1,790	—	1,790	—	—	—
Oil and gas extraction.....	1	246,401	222,741	304,224	567,707	—	567,707	203,273	54,061	76,679
Nonmetallic minerals, except fuels.....	—	77	943	191	1,567	—	1,567	1,069	410	237
Construction.....	13,632	621	45,748	24,073	81,715	—	81,715	79,169	6,199	1,554
General building contractors and operative builders.....	—	787	13,184	20,654	21,033	—	21,033	22,082	3,103	316
Heavy construction contractors.....	13,632	34	28,497	3,418	55,982	—	55,982	52,040	3,096	1,237
Special trade contractors.....	—	—	4,067	—	4,700	—	4,700	5,046	—	—
Manufacturing.....	18,951	641,382	12,989,791	4,044,541	18,094,634	721	18,093,913	19,424,794	2,348,993	971,349
Food and kindred products.....	1,159	14,788	560,589	34,182	762,710	116	762,593	834,584	150,601	82,829
Tobacco manufacturers.....	531	1,167	226,438	—	268,650	—	268,650	285,940	104,657	39,417
Textile mill products.....	18	—	22,825	2,269	29,499	—	29,499	43,352	350	263
Apparel and other textile products.....	24	(1)	3,019	428	7,401	—	7,401	8,138	4	458
Lumber and wood products.....	—	32	41,456	—	41,986	—	41,986	52,180	9,234	3,413
Furniture and fixtures.....	—	—	4,456	2,712	9,494	—	9,494	10,780	348	143
Paper and allied products.....	182	4,688	203,248	12,779	275,948	—	275,948	257,982	9,486	3,829
Printing and publishing.....	4,549	1,944	91,424	16,040	129,943	—	129,943	136,072	6,548	2,587
Chemicals and allied products.....	6,990	23,527	2,197,589	262,054	3,070,845	212	3,070,633	3,410,322	913,554	390,345
Petroleum (including integrated) and coal products.....	250	526,018	4,177,618	3,129,161	7,072,410	—	7,072,410	6,158,955	602,584	260,546
Rubber and miscellaneous plastic products.....	—	5,436	155,964	6,043	135,258	—	135,258	268,757	18,574	4,003
Leather and leather products.....	—	228	21,349	53	20,899	—	20,899	25,522	8,245	9,517
Stone, clay and glass products.....	—	777	173,175	35,664	229,526	16	229,511	266,778	6,609	4,073
Primary metal industries.....	(1)	932	118,854	47,024	119,105	—	119,105	171,013	41,975	2,211
Fabricated metal products.....	4,468	875	230,512	49,237	302,961	—	302,961	371,606	16,227	7,786
Machinery, except electrical.....	15	13,615	2,829,754	86,749	3,092,447	11	3,092,436	3,276,634	71,339	26,559
Electrical and electronic equipment.....	21	39,810	1,024,914	309,884	1,498,155	19	1,498,135	2,345,665	175,953	52,077
Motor vehicles and equipment.....	754	5,807	577,362	2,505	591,345	(1)	591,345	905,635	118,680	21,206
Transportation equipment, except motor vehicles.....	—	85	171,701	16,275	211,316	—	211,316	275,249	3,385	1,419
Instruments and related products.....	—	375	148,235	15,158	180,547	328	180,219	218,724	74,013	56,778
Miscellaneous manufacturing products & manufacturing not allocable.....	—	1,277	29,271	6,322	44,189	19	44,169	50,897	7,873	1,492
Transportation and public utilities.....	1,123	8,456	164,110	17,000	232,025	6	232,019	399,335	207,593	42,004
Transportation.....	35	1,501	31,053	15,793	58,258	—	58,258	100,988	44,768	5,209
Communication.....	1,088	5,171	115,921	1,131	154,349	6	154,343	254,985	130,134	29,570
Electric, gas and sanitary services.....	—	1,785	17,135	1,194	19,418	—	19,418	43,861	32,691	7,226
Wholesale and retail trade.....	645	119,537	440,815	209,327	641,905	—	641,900	801,040	146,171	32,116
Wholesale trade.....	555	96,138	150,185	108,612	289,985	—	289,985	332,965	35,609	11,174
Groceries and related products.....	—	114	62	—	97	—	97	—	—	—
Machinery, equipment and supplies.....	15	1,849	12,052	9,935	22,584	—	22,584	32,179	782	212
Miscellaneous wholesale trade.....	538	94,275	138,133	158,615	267,135	—	267,135	300,776	34,827	10,962
Drugs, chemicals and allied products.....	—	21	14,041	1,246	20,308	—	20,308	21,988	404	282
Petroleum and petroleum products.....	—	33,667	43,427	145,098	143,748	—	143,748	150,312	22,361	7,651
Other miscellaneous wholesale trade.....	538	1,186	80,665	1,271	103,080	—	103,080	128,477	12,081	3,019
Retail trade.....	92	23,400	290,420	40,715	351,915	—	351,915	466,675	110,562	20,942
General merchandise stores.....	1	19,555	61,262	16,576	97,171	—	97,171	174,845	87,843	17,441
Food stores.....	—	1,059	51,208	41	61,364	—	61,364	84,449	650	403
Apparel and accessory stores.....	—	—	2,741	202	4,122	—	4,122	4,433	99	—
Eating and drinking places.....	91	—	166,952	23,330	176,899	—	176,899	189,917	21,077	2,993
Miscellaneous retail stores.....	—	45	10,798	770	12,361	—	12,361	38,031	—	—
Finance, insurance and real estate.....	2,449	73,409	608,338	539,005	2,281,523	—	2,261,523	1,295,847	351,509	84,988
Banking.....	680	23,615	400,952	425,633	1,769,474	—	1,769,474	845,890	205,770	31,821
Credit agencies other than banks.....	—	690	29,123	26,006	116,702	—	116,702	104,072	27,767	13,337
Security commodity brokers and services.....	—	680	21,776	18,059	42,599	—	42,599	24,642	8,399	1,826
Insurance.....	361	30,281	91,767	49,426	235,791	—	235,791	213,427	103,296	34,972
Insurance agents, brokers and services.....	181	436	37,369	5,261	43,746	—	43,746	52,915	5,730	2,941
Real estate.....	2	297	2,942	24	6,595	—	6,595	3,528	490	81
Holding & other investment companies except bank holding companies.....	565	1,282	38,947	14,598	46,916	—	46,916	51,973	54	9
Services.....	4,962	3,651	155,132	114,648	317,257	—	317,257	225,845	18,222	8,190
Hotel and other lodging places.....	—	1,012	117,630	126,453	39,023	—	39,023	46,150	18	149
Personal services.....	123	—	20,709	10,220	22,763	—	22,763	23,765	770	244
Business services.....	194	2,191	91,499	17,102	138,213	—	138,213	116,773	1,728	241
Auto repair; miscellaneous repair services.....	—	—	—	—	158	—	158	—	—	—
Amusement and recreational services.....	415	—	18,966	48,157	100,275	—	100,275	25,009	12,117	5,178
Other services.....	4,229	447	6,328	12,716	16,426	—	16,426	11,149	3,519	2,479

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 2.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Type of Foreign Income for which Separate Credit was Computed

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Type of foreign income for which separate credit was computed	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from IC-DISC's or former DISC's	Includable income of controlled foreign corporations	Foreign dividend income resulting from foreign taxes deemed paid (grossed)	Net income (less deficit)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All industries								
Total	4,409	5,404,718,817	2,437,660,227	21,552,980	325,101	3,941,706	14,835,261	140,430,545
Certain interest income	328	1,281,939,078	924,551,338	12,556,521	169,003	2,673,542	9,870,252	53,305,957
Dividends from an IC-DISC or former DISC	33	136,465,568	116,554,197	1,723,364	113,661	187,005	1,754,091	9,533,888
Foreign trade income of a FSC	42	386,942	1,384,834	—	—	—	—	153,738
Distributions from a FSC or former FSC	27	241,886,593	145,680,567	3,114,534	91,375	521,520	1,943,126	11,287,812
All other foreign source income	4,208	5,306,964,111	2,422,505,377	21,544,610	324,990	3,939,110	14,634,816	139,147,761
Foreign oil & gas extraction income	30	382,948,008	277,795,674	6,565,707	19,244	1,202,300	4,930,253	22,052,055
Type of foreign income for which separate credit was computed	Income subject to U.S. tax	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	General business credit	Other credits	U.S. income tax after credits
(10)	(11)	Total	Regular and alternative tax	(12)	(13)	(14)	(15)	(16)
All industries								
Total	130,506,344	54,661,965	53,347,108	22,258,235	5,054	6,386,239	35,249	25,977,189
Certain interest income	50,663,018	21,969,551	21,444,853	13,654,614	—	1,832,634	33,404	8,248,699
Dividends from an IC-DISC or former DISC	9,127,404	4,019,931	3,944,417	2,106,694	—	410,382	1,992	1,500,864
Foreign trade income of a FSC	15,738	24,184	24,184	267	—	—	—	23,926
Distributions from a FSC or former FSC	10,698,376	4,666,895	4,561,008	3,331,794	—	391,807	976	942,318
All other foreign source income	128,408,468	54,207,565	52,896,532	22,251,581	5,054	6,302,649	35,249	25,613,022
Foreign oil & gas extraction income	21,588,961	9,422,822	9,228,954	6,519,611	—	291,696	31,399	580,115
Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118						Foreign taxes available for credit—continued	
(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
All industries								
Total	93,530,645	25,789,233	14,635,179	18,670,536	34,435,696	18,093,774	39,118,710	6,086,517
Certain interest income	1,284,398	430,612	118,994	734,792	—	—	326,138	—
Dividends from an IC-DISC or former DISC	114,072	113,412	650	—	—	—	82,178	—
Foreign trade income of a FSC	227,931	—	—	—	227,929	—	173,764	—
Distributions from a FSC or former FSC	329,556	324,897	659	—	—	—	146,725	—
All other foreign source income	91,678,688	24,920,312	14,514,867	17,935,743	34,207,766	18,093,774	38,387,905	6,086,517
Foreign oil & gas extraction income	22,524,989	8,256,908	4,903,428	831,441	6,533,211	18,093,774	7,962,950	6,086,517
Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118						Foreign taxes available for credit—continued	
(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
All industries								
Total	65,809,314	9,496,597	1,900,781	54,411,935	176,980	65,632,334	27,407,906	1,059,505
Certain interest income	950,261	—	—	956,261	13,239	943,022	189,828	—
Dividends from an IC-DISC or former DISC	31,893	—	—	31,893	—	31,893	669	—
Foreign trade income of a FSC	54,167	—	—	54,167	—	54,167	267	—
Distributions from a FSC or former FSC	178,831	9,496,597	1,900,781	178,831	—	178,831	782	—
All other foreign source income	64,588,182	4,223,896	41,977	53,150,784	163,741	64,424,421	27,216,361	1,059,505
Foreign oil & gas extraction income	12,007,257	—	—	14,562,038	30,320	18,797,591	11,190,083	1,006,539

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 2.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Type of Foreign Income for which Separate Credit was Computed—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118							
(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
All industries								
Total	28,467,411	8,467,888	2,329,825	750,804	808,655	3,273,582	1,299,019	14,635,173
Certain interest income	189,828	35,459	7,627	27,631	—	—	—	118,994
Dividends from an IC-DISC or former DISC	669	9	—	—	—	—	—	660
Foreign trade income of a FSC	267	—	—	—	—	—	267	—
Distributions from a FSC or former FSC	782	122	122	729,173	808,655	3,273,582	1,299,752	659
All other foreign source income	28,275,866	8,432,031	2,321,866	729,173	808,655	3,273,582	1,299,752	14,514,861
Foreign oil & gas extraction income	12,243,157	2,601,164	757,404	19,616	219,978	1,903,935	894,359	3,181,082
Type of foreign income for which separate credit was computed	Foreign taxes available for credit—continued				Foreign tax credit computed			
(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
All industries								
Total	5,364,349	22,260,336	727	—	22,259,609	—	—	—
Certain interest income	35,375	128,534	—	—	—	—	—	—
Dividends from an IC-DISC or former DISC	—	—	—	—	—	—	—	—
Foreign trade income of a FSC	—	—	—	—	—	—	—	—
Distributions from a FSC or former FSC	—	—	—	—	—	—	—	—
All other foreign source income	5,328,974	22,130,085	—	—	22,130,085	—	—	—
Foreign oil & gas extraction income	596,512	8,491,184	—	—	8,491,184	—	—	—

* The number should be used with caution because of the small number of sample returns on which it was based.
(1) Less than \$500.

Note: The data in columns 1-16 pertain to the total activity of the domestic parent corporation. Since many corporations compute a foreign tax credit for more than one type of foreign income, the data in these columns are not additive. Data in columns 43 and 44 are reported as corporate totals only. The data in columns 17-21, 23, 26-31, 33, 35-39 and 42 of the foreign oil and gas extraction income line represent the amounts of total all other foreign source income and tax for those corporations reporting foreign oil and gas extraction income and taxes. The data in columns 22, 24, 25, 34, 40 and 41 of the foreign oil and gas extraction income line are the actual foreign oil and gas extraction income and tax amounts. Form 1118 total may not add to totals due to rounding.

1986 Corporation Foreign Tax Credit, A Geographic Focus

By Karla M. Daronco*

In the 1980's for the first time, Canada surpassed the United Kingdom as the country which accounted for more corporate foreign-source U.S. taxable (net) income than any other country (Definitions section). Canadian-source taxable income for 1986 was \$10.5 billion, 16 percent of total foreign-source taxable income. In addition, more of the foreign taxes paid by U.S. corporations (\$4.7 billion) were paid to Canada than to any other country (Definitions section). United Kingdom-source income declined sharply, by 30.6 percent, during the 1984-1986 period.

The foreign tax credit claimed by U.S. corporations increased by nearly 4 percent, from \$21.4 billion for 1984 to \$22.3 billion for 1986; while foreign-source taxable income increased by nearly 8 percent, from \$61.1 billion to \$65.8 billion. Since much of this income was subject to foreign taxation, \$23.1 billion of income taxes (nearly 35 percent of taxable income) were paid to foreign governments. Of the 4,506 active U.S. companies claiming a foreign tax credit for 1986, 764 (17 percent) were "giant" corporations with total assets of \$250 million or more. This small group of companies accounted for nearly all of the foreign tax credit claimed by U.S. corporations [1].

The U.S. economic recovery that started in late 1983 seemed to have continued and may have affected the business operations of U.S. corporations overseas in 1986 [2]. In five of the countries listed, (including countries where U.S. corporations earned at least \$1 billion of foreign-source taxable income for either 1984 or 1986) U.S. corporations showed significant increases in taxable income (Figure A). The largest income increases were registered in Italy, West Germany, Japan, Switzerland and France, the main reason being a noticeable rise in net capital gains income for each country.

Despite the overall increase in foreign-source taxable income from 1984 to 1986, in general, the use of offshore financial centers in the Caribbean and in Central America appeared to have decreased markedly. Taxable income

Figure A.—Foreign-Source Taxable Income, by Selected Country, 1984 and 1986
(Millions of dollars)

Country	1984	1986	Percentage increase
	(1)	(2)	(3)
All countries	\$61,097	\$65,809	7.7%
Selected countries, total	47,221	49,659	5.2
Italy	989	2,651	168.0
West Germany	2,323	5,428	133.7
Japan	2,884	5,070	96.6
Switzerland	860	1,549	80.1
France	1,458	2,616	79.4
Canada	7,539	10,508	39.4
Brazil	1,695	1,977	16.6
Panama	819	791	-3.4
Mexico	1,146	1,041	-9.2
Netherlands	2,588	2,035	-21.4
Australia	2,319	1,642	-29.2
Netherlands Antilles	1,290	899	-30.3
United Kingdom	11,913	8,283	-30.6
Indonesia	2,938	1,671	-43.1
Norway	3,279	1,791	-45.4
Bahamas	2,115	800	-62.2
Egypt	1,066	327	-69.3

from the Netherlands Antilles and the Bahamas declined by 30.3 percent and 62.2 percent, respectively. Panama also showed a slight decline of 3.4 percent. These decreases were mostly due to a sizable drop in services income for all three countries.

Foreign-source taxable income of U.S. corporations doing business in countries which were members of the Organization of Petroleum Exporting Countries (OPEC) continued to drop, to \$3.1 billion for 1986, a reduction of almost 41 percent from 1984 (Definitions section). This continued the declining trend of income from OPEC countries (76 percent) through the first half of the 1980's. Taxes paid by U.S. corporations claiming a foreign tax credit to OPEC countries also fell but by less (40 percent) to \$1.7 billion from 1980 to 1986.

BACKGROUND

U.S. tax law allows corporations a credit against their U.S. income tax for income taxes paid to foreign govern-

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

ments. U.S. corporations are taxed on their worldwide taxable income. Therefore, the foreign tax credit serves to eliminate double taxation on foreign-source income, which is typically subject to tax by the country in which it was earned.

The ability of some corporations to offset the U.S. tax on domestic income with the credit for foreign income taxes led to the first limitation on the foreign tax credit in 1921. The credit limitation remains as a fundamental principle of the current U.S. foreign tax credit provisions.

The limitation restricts the amount of credit for foreign income taxes to the lesser of (1) the U.S. tax on foreign-source taxable income, or (2) the actual foreign income taxes paid. This calculation results in a zero limitation (no credit) if a corporation has an overall foreign loss or a worldwide loss. However, credits in excess of the limitation may be carried back two years and forward five years.

For 1986, the limitation was separately calculated for five categories of income: (1) section 904(d) (generally portfolio) interest income, (2) dividends from an Interest Charge Domestic International Sales Corporation (IC-DISC) or former DISC, (3) foreign trade income of a Foreign Sales Corporation (FSC), (4) distributions from a FSC or former FSC, and (5) all other income from sources outside of the United States. (IC-DISC's and FSC's were domestic corporations created to promote U.S. exports).

The total foreign tax credit for 1986 was the sum of the amounts computed, using these five separate limitations. In some instances, the total credit was reduced for participation in, or for cooperation with, international boycotts.

To claim a foreign tax credit, a U.S. corporation must have foreign-source taxable income, pay a foreign income tax, and have a U.S. income tax liability. Only certain taxes can be claimed as a foreign tax credit. They include income taxes imposed by U.S. possessions or the national government of a foreign country, as well as its cities, states, and other subdivisions.

Corporations can deduct all foreign income taxes in lieu of claiming a foreign tax credit for all such taxes. However, most corporations obtain a greater tax benefit by electing to credit these taxes against U.S. income tax. Taxes such as excise, franchise, sales, and certain other taxes, do not qualify as creditable foreign taxes, but can be deducted in calculating worldwide taxable income, even when the foreign tax credit is elected for foreign income taxes.

GEOGRAPHIC SOURCES OF FOREIGN INCOME AND TAXES

Of the principal countries or areas of origin of 1986 foreign-source taxable income of U.S. corporations with foreign tax credits, (Figure B) those with the highest percentage of the total foreign-source income for 1986 were Canada (16 percent), the United Kingdom (13 percent), Japan (9 percent) and West Germany (8 percent). The largest amounts of current-year foreign taxes were paid to these same four countries (Figure C). The remaining 54 percent of income was widely distributed.

Canada generated the most foreign-source taxable income (\$10.5 billion) for 1986, replacing the 1984 leader, the United Kingdom. Nearly 81 percent (\$8.5 billion) of the Canadian income was accounted for by U.S. manufacturers. Of the foreign taxes paid by U.S. corporations (\$4.7 billion) more were paid to Canada than to any other country.

Almost half (46.4 percent) of the Canadian-source income from manufacturing originated in the petroleum industry (Definitions section) [3]. For 1984, only \$1.1 billion (21.7 percent) of Canadian income was earned by U.S. corporations in the petroleum industry. With the deregulation of Canada's oil industry starting in late 1984 and the general expansion of Canada's economy, almost \$4.0 billion in profits were reaped by U.S. petroleum corporations for 1986 from Canadian operations. This was an increase of nearly 143 percent from 1984 [4]. Petroleum subsidiaries accounted for 48.2 percent of total 1986 foreign taxes paid by U.S. manufacturers in Canada due to the high taxes imposed by Canada on the industry at that time. For 1986, these corporations paid a high average tax rate (over 56 percent) on Canadian income earned by the petroleum industry. This increased percentage reflected Canada's top corporate statutory tax rate of 54 percent for 1986 [5].

Other gains in Canadian-source income were indicated by a 35.4 percent increase over 1984 in financial insurance, and real estate, as well as a 71.4 percent increase in wholesale and retail trade. The increase in financial insurance, and real estate was due mainly to the dismantling of restrictive regulations imposed by prior Canadian governments on the country's financial markets. The advent of free trade talks between the United States and Canada spurred the increases in wholesale and retail trade [6].

By comparison, the U.K.-source income of U.S. companies declined sharply, by 30.6 percent. This decline

Figure B
Percentage of Total Foreign-Source Taxable Income, by Country or Area, 1986

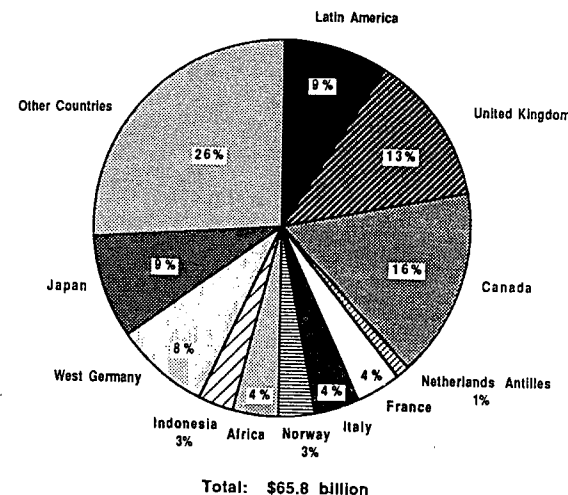
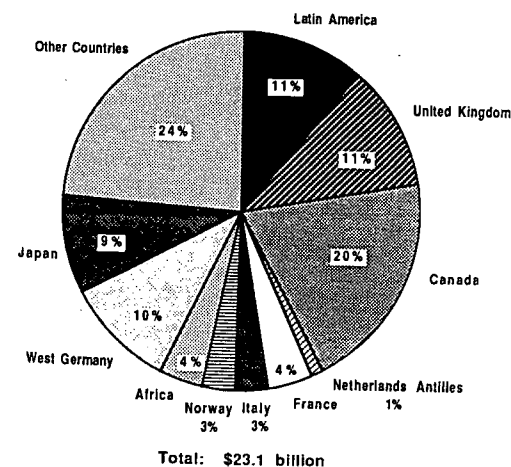


Figure C
Percentage of Total Current-Year Foreign Taxes, by Country or Area, 1986



was due largely to decreases in manufacturing, especially of petroleum; and in finance, insurance, and real estate, down 26.5 and 41.5 percent, respectively.

Economic Recovery

The U.S. economic recovery that started in late 1983 seems to have continued and spread to much of the rest of the world by 1986. Less expensive oil, tax cuts, low inflation rates, and wage increases overseas all contributed to the economic recovery [7]. With the fall of the dollar against most major foreign currencies in 1985, foreign stocks became more profitable. This resulted in an astounding 424.8 percent leap (from \$742 million to \$3.9 billion) in net capital gains income between 1984 and 1986 [8]. These gains contributed to large overall foreign income increases registered by Italy (168.0 percent), West Germany (133.7 percent), Japan (96.6 percent), Switzerland (80.1 percent), and France (79.4 percent). U.S. parent companies with operations in these countries saw a currency-exchange windfall when the dollar declined [9].

U.S. oil corporations with operations in the United Kingdom felt the economic crunch caused by less expensive oil in the mid-1980's. A decline in income from the United Kingdom was reported by U.S. manufacturers (almost half of which was accounted for by the 45.0 percent decrease in foreign income earned by the petroleum industry). The fall in oil prices weakened the British pound, which cut into the capital gains U.S. investors could earn on British stocks [10]. U.S. banks suffered a 54.6 percent decrease in U.S.-source foreign income earned from the United Kingdom during the 1984-1986 period.

At the same time, the economies of both West Germany and Japan continued to expand and U.S. corporations earned a combined total of almost \$11.1 billion (nearly 17 percent of the total for all countries) in foreign-source taxable income from these countries for 1986. Approximately 85 percent (\$9.4 billion) of this amount can be attributed to operations of U.S. manufacturers in both countries. Specifically, the boom in West Germany was fed by such consumer-goods industries as electronics, household appliances, and apparel, with the electrical industry's income up 913 percent from 1984 [11]. The West German income of U.S. corporations accounted for 28 percent of the total income of U.S. manufacturers claiming a foreign tax credit. U.S. manufacturers were also responsible for 81 percent of the total U.S. corporate income earned from Japan (\$4.6 billion of the \$5.7 billion total for Japan). Income from food and kindred products

and the electrical manufacturing industry rose, up 160.6 and 133.3 percent, respectively, from 1984.

U.S. corporations benefitted from the European recovery in Italy as well, where foreign-source taxable income increased 168 percent from 1984. Again, due to the sagging dollar against other foreign currencies and low interest rates, and through the sale of Italian corporate stocks, U.S. companies saw net capital gains income increase by an astounding 2,160 percent [12]. Detailed data on the type and amount of income generated in most foreign countries is provided (Table 1).

Despite the continued economic recovery, U.S. corporations doing business in OPEC countries and in the principal North Sea oil nations (the United Kingdom and Norway) saw foreign-source taxable income and current-year foreign taxes further decline during the 1984-1986 period. Foreign-source taxable income and foreign taxes for OPEC countries decreased almost by half (Figure D). OPEC countries also show a disproportionately high percentage of the total foreign taxes for both years, which can be attributed to the high foreign tax rates on oil income. Data for North Sea oil-producing countries reflect the severe drop in oil prices in 1986 and their effect on foreign-source income and taxes. Foreign income of U.S. companies with operations in Norway was reduced by 45.4 percent, mostly due to falling oil prices. Similarly, U.S. oil companies with British operations had a decline of 30.6 percent in their total foreign taxable income between 1984 and 1986.

Figure D.—Foreign-Source Taxable Income and Current-Year Foreign Taxes, by Selected Oil-Producing Area, 1984 and 1986

(Millions of dollars)

Country	1984		1986	
	Income	Tax	Income	Tax
	(1)	(2)	(3)	(4)
Total	\$61,097	\$22,540	\$65,809	\$23,109
OPEC countries	5,320	2,784	3,150	1,670
Norway plus United Kingdom	15,192	6,359	10,054	3,329
Percentage of total:				
Total	100.0%	100.0%	100.0%	100.0%
OPEC countries	8.7	12.4	4.8	7.2
Norway plus United Kingdom	24.9	28.2	15.3	14.4

Type of Income by Country

The type of foreign gross income (excluding income from foreign branch operations) U.S. corporations received varied considerably by country (income detail is not available for branch income) (Figure E). Certain country trends are noted:

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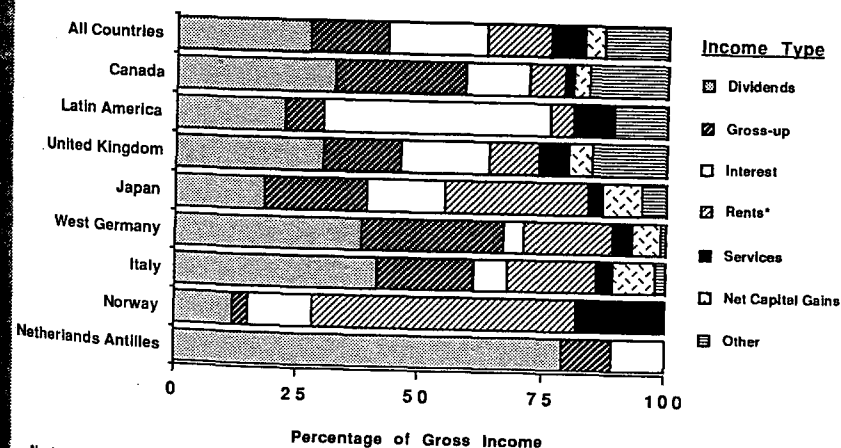
- most U.S. investment in Canada, West Germany, and Italy was in corporate stock, as evidenced by the fact that the majority of income was dividends and the associated tax on dividends (dividend gross-up - Definitions section);
- the United Kingdom, the second largest source of non-branch gross income, had a distribution of income similar to that for "all countries";
- almost all income from the Netherlands Antilles was dividends;
- over half of the gross income from Norway was made up of rents, royalties, and licensing fees, virtually all from the petroleum industry; and
- for Japan and Norway, there is a relatively low percentage (18 and 12 percent, respectively) of dividend income as compared to the other major industrialized nations included in the chart.

Type of income generalizations can be made for geographic areas as well as for specific countries. Interest represented a higher proportion of income from Latin America (46 percent of the total) than from countries in general (20 percent). This shows the considerable debt burden of industrializing Latin American countries. In addition, almost 72 percent of the total taxes paid or accrued on interest were paid by U.S. corporations to Latin America. Rents, royalties, and licensing fees were less likely than average to be received from Latin America (5 percent of total gross income as compared to an overall percentage of 13 percent). This was also the case with other less-industrialized areas, such as Africa (4 percent). No dividend income was received from any Eastern European Soviet-bloc country because only a handful of companies incorporated in these countries were owned even partially by U.S. corporations [13]. Over half of the gross income from these countries was interest (63 percent) while a quarter was from rents, royalties, and licensing fees.

Average Foreign Tax Rates

Because foreign tax rates vary considerably by country

Figure E
Percentage of Non-Branch Gross Income, by Income Type, by Selected Country or Area, 1986



(and by type of income within countries), the 1986 average foreign tax rates of countries ranged from roughly 64 percent down to almost 4 percent (Figure F). (The average foreign tax rate is the ratio of current-year foreign taxes to foreign-source taxable income expressed as a percentage. The average U.S. tax is the ratio of U.S. income tax liability to the U.S. income subject to tax after all credits except the foreign tax credit.) Thirteen of the 23 countries shown fall within 10 percentage points above or below the all country average. For "all countries," the average foreign rate of 35 percent was considerably less than the 46 percent U.S. corporate statutory rate for 1986.

Most of the countries with the highest average tax rates were oil-producing nations. Among the reasons for the relatively high average foreign tax rates were: (1) extraordinary or "supplemental" oil taxes that were payable in addition to the normal corporate income tax (i.e., Trinidad and Tobago, and Norway), (2) relatively high income tax rates that applied to oil companies only (i.e., Nigeria) and (3) taxable income bases that were larger under foreign tax law than under U.S. tax law (i.e., depreciation methods under some foreign tax laws are less favorable than under U.S. tax law) [14].

Brazil and Spain were the only countries that were not major oil-producing nations with an average foreign tax

rate above 50 percent. Brazil's rate was 62 percent, chiefly because interest from Brazil (nearly 52 percent of non-branch gross income) was generally subject to 25-percent withholding tax on the gross amount. The deductions attributable to this income reduced taxable income (on which the average tax rate is based), and thereby increased the average rate. Spain's rate was 56 percent because U.S. corporations deriving dividends from Spanish subsidiaries were generally subject to a withholding tax on the dividends in addition to the standard Spanish corporate rate of 35 percent [15].

Organizational Structure of Foreign Operations

There are several different organizational structures available to U.S. corporations seeking to expand their market or business activities abroad. Most corporations wanting to establish a permanent presence overseas elect to do so by using an unincorporated foreign branch operation, investing in an existing foreign corporation, or forming a subsidiary under the laws of the foreign country. Some business activities, i.e., certain loans and exports, can also be transacted without a substantial foreign presence.

Foreign branch taxable income is shown as a percentage of total foreign-source taxable income by country

Figure F.—Current-Year Foreign Taxes and Foreign Branch Taxable Income as Percentages of Foreign-Source Taxable Income, by Selected Country, 1986

(Millions of dollars)

Country	Current-year foreign taxes as a percentage of foreign-source taxable income			Foreign-source taxable income	Foreign branch taxable income as a percentage of foreign-source taxable income		
	Rank	Percent	Taxes		Rank	Percent	Foreign branch taxable income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All countries.....	—	35.1%	\$23,103	\$65,809	—	14.4%	\$9,497
Saudi Arabia.....	1	64.1	143	223	(1)	(1)	-75
Trinidad and Tobago.....	2	62.8	145	231	(1)	(1)	-18
Brazil.....	3	62.2	1,229	1,977	8	17.3	342
Spain.....	4	57.6	297	516	7	20.3	105
Indonesia.....	5	56.1	938	1,671	4	49.0	819
Egypt.....	6	52.6	172	327	(1)	(1)	-17
Mexico.....	7	52.4	545	1,041	11	9.8	102
Nigeria.....	8	45.0	260	578	3	55.5	321
Canada.....	9	44.3	4,659	10,508	16	4.9	516
Norway.....	10	43.4	778	1,791	1	64.4	1,153
West Germany.....	11	41.3	2,244	5,428	18	3.1	168
Australia.....	12	40.7	669	1,642	6	30.9	507
Venezuela.....	13	39.4	86	218	15	6.0	13
Japan.....	14	36.5	2,071	5,670	14	6.5	368
Switzerland.....	15	33.4	518	1,549	(1)	(1)	-63
Libya.....	16	31.2	25	80	2	56.2	323
France.....	17	31.0	811	2,616	9	12.3	216
United Kingdom.....	18	30.9	2,552	8,263	10	11.1	170
Netherlands.....	19	30.6	622	2,035	12	8.4	61
Italy.....	20	29.0	769	2,651	13	8.0	44
Panama.....	21	22.1	175	791	19	1.8	30
Netherlands Antilles.....	22	17.0	153	899	17	3.3	57
Bahamas.....	23	3.6	29	800	5	44.6	357

¹ Not calculated due to foreign branch loss

(Figure F). Branch taxable income as a percentage of all foreign taxable income fell from 24 percent for 1984 to about 14 percent for 1986. Generally, the petroleum and banking industries are more likely than any other industries to operate through the establishment of foreign overseas branches. This is evident in those countries with the highest proportion of income from foreign branches, all of them either oil-producing nations or an offshore financial center; namely, Norway (64 percent), Libya (56 percent), Nigeria (56 percent), Indonesia (49 percent), and the Bahamas (45 percent).

SUMMARY

The foreign tax credit claimed by U.S. corporations increased only 4 percent from \$21.4 billion for 1984 to \$22.3 billion for 1986. Foreign-source U.S. taxable income from all countries increased by nearly 8 percent, from \$61.1 billion to \$65.8 billion. Almost 35 percent of foreign-source income was paid as taxes to foreign governments (\$23.1 billion), although not all of it could be claimed as a foreign tax credit for 1986.

U.S. corporations earned more foreign-source taxable income (\$10.5 billion) in Canada than in any other nation. Accordingly, these corporations paid most of their foreign taxes (\$4.7 billion) to Canada. This was the first time in the 1980's any country had surpassed the United Kingdom as the country from which U.S. companies earned the most income.

Strong U.S. activity was registered in Italy, West Germany, France, Switzerland and Japan. Declining energy prices, low inflation, and a weak dollar enabled U.S. companies to reap big capital gains overseas. The big losers were U.S. corporations (primarily oil companies) with activities in countries that were members of OPEC and in the principal North Sea oil-producing nations (the United Kingdom and Norway), whose economies suffered due to lower oil prices.

Generally, the type of non-branch foreign income U.S. corporations received varied by country. A substantial portion of U.S. investment abroad was in corporate stock with over 40 percent of foreign gross income (of \$93.5 billion) composed of dividends (\$25.8 billion) and the foreign taxes paid on them, the so-called dividend gross-up (\$14.6 billion).

DATA SOURCES AND LIMITATIONS

Sample Selection and Variability

The statistics presented in this article for the 1986 Tax

Year were estimated from a stratified probability sample of approximately 85,100 corporate income tax returns selected after revenue processing, but before audit. The accounting periods of corporations with a foreign tax credit included in the data were those ending between July 1986 and June 1987, although most of the activities reported reflected activities in Calendar Year 1986.

While all returns in the Statistics of Income sample with a foreign tax credit were used for the 1986 data, some differences exist between the 1986 foreign tax credit data presented here and those previously published in *Statistics of Income—1986, Corporation Income Tax Returns*. These differences are the result of the different weighting methods used for returns sampled at less than the 100-percent rate. In addition, the statistics presented herein include certain returns with foreign tax credits prescribed for inclusion in the 100-percent sample class. These returns were received too late to be included in the regular corporate statistics and no adjustment for them was made for the overall corporate statistics.

Sampling variability arises only in strata in which returns were prescribed for selection at a rate of less than 100 percent. For this article, returns selected at the 100-percent rate accounted for the largest part of the estimated amounts. For example, for 1986, those corporations with \$250 million or more in total assets (which were selected at the 100-percent rate) accounted for a major portion of the total assets (98.3 percent), foreign tax credit claimed (95.6 percent), and foreign-source taxable income (95.1 percent) of all corporations claiming a foreign tax credit. Because of the predominance of these large corporations, sampling variability is not considered a major limitation of the statistics.

General Limitations

The foreign tax credit is claimed under section 901 of the Internal Revenue Code. Corporations claiming a foreign tax credit generally provide supporting foreign income and tax data on Form 1118, Computation of Foreign Tax Credit - Corporations, attached to their U.S. corporation income tax return. Form 1118 is the source of the foreign income and tax data for this article. The statistics do not reflect any adjustments that were made during audit examination, which finally determines the acceptability of the foreign income and taxes reported. Nor do they reflect foreign tax carrybacks which also determine the final credit. Also, some corporations provide only preliminary foreign income and tax data with their U.S. tax returns as filed because not all the informa-

tion about their foreign operations is available at the time their U.S. income tax returns are filed.

Foreign income and taxes are underreported in this article to the extent that data were not provided on Form 1118. Some corporations with foreign income and taxes operated at a deficit and had no U.S. tax liability against which a foreign tax credit could be claimed and were, therefore, not required to file the Form 1118. Some corporations may have chosen to deduct their foreign taxes from gross income rather than credit them against their U.S. tax liability. For these particular returns, it is believed that the foreign income and tax amounts were insignificant. In both instances, these returns were excluded from this study.

DEFINITIONS

The term "country" as used in this article includes not only countries, but also other separate taxation authorities, such as Puerto Rico and U.S. possessions. For certain tables and figures, data for these taxation authorities are presented together with data by country.

Foreign taxes (unless otherwise stated) refers to current-year foreign taxes, which are withholding taxes on dividends, interest, rents, royalties and license fees, as well as taxes directly paid or accrued on partnership, services or other income or on foreign branch profits. It also includes taxes deemed paid, which are a proportion of the taxes paid on the profits of a foreign corporation (including all levels of subsidiaries) out of which the dividends to the U.S. corporation were paid.

The Organization of Petroleum Exporting Countries (OPEC) is an oil cartel which includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

Petroleum industry (unless otherwise stated) refers to the integrated petroleum industry, i.e., all corporations primarily engaged in extraction, refining, and marketing of crude petroleum.

Dividend gross-up is income associated with dividends received or constructively received from a controlled foreign corporation and is equivalent to the tax deemed paid.

NOTES AND REFERENCES

- [1] There were 3,428,515 corporation income tax returns filed for Tax Year 1986.
- [2] "Eurogloom" Fades as the Recovery Takes Hold, *Business Week*, May 14, 1984, p. 54.

- [3] Data pertaining to income and tax amounts classified by both industry and country are available from the Statistics of Income Division but were not published with this article due to the voluminous nature of the statistics.
- [4] Finn, Edwin A., Jr. and Morais, Richard C., "Good Neighbors Again," *Forbes*, May 19, 1986, p. 130.
- [5] Templeman, John, et al., "Europe and Japan are Catching Tax-Reform Fever," *Business Week*, September 1, 1986, p. 65.
- [6] Ibid.
- [7] Templeman, John, et al., "Europe's Businessmen Are All Speaking the Same Language: Boom," *Business Week*, May 5, 1986, pp. 42-43.
- [8] See Redmiles, Lissa, "Corporation Foreign Tax Credit, 1986: An Industry Focus," *Statistics of Income Bulletin*, Fall 1990, Vol. 10, No. 2.
- [9] Pearson, John, "Strong Dollar or No, There's Money to be Made Abroad," *Business Week*, March 22, 1985, p. 155.
- [10] Templeman, John, et al., "Now West Germany's Economy is Carrying the Ball," *Business Week*, January 20, 1986, pp. 40-41.
- [11] Templeman, "Europe's Businessmen..." *ibid.*, p. 42.
- [12] Templeman, John, et al., "Cheaper Money is Pouring into European Industry," *Business Week*, March 11, 1986, p. 63.
- [13] See *Statistics of Income Bulletin*, Spring 1990, Vol. 9, No. 4, for an article on Controlled Foreign Corporations by country or geographic area. Data for 1986 will be included in a future issue of the *Bulletin*.
- [14] For additional information on the tax laws of foreign countries, see *Corporate Taxes, A Worldwide Summary*, Price Waterhouse, 1985.
- [15] Ibid.

EXPLANATORY TABLE NOTES

The data for the following tables are tabulated from Forms 1120 and 1118 (Data Sources and Limitations).

For Table 1, the rows are the specific geographic area or country to which foreign income and taxes were paid (see the definition of "country" in the definition section above). Columns 3 through 13 reveal income and taxes from all sources while columns 14 through 58 represent income and taxes from specific geographic areas or countries.

Columns 1 through 13 are amounts reported on the Corporation Tax Return Form 1120 while the remaining columns are amounts reported on the Form 1118. The data by geographic areas for columns 1 through 13 are not additive to the all geographic areas total. The data in columns 14 through 58 are amounts for the specific country. However, the data by geographic area for columns 14 through 58 are additive to the all geographic areas total. Data for specific geographic areas are not always additive as data are present for only selected countries.

Columns 15 through 22 contain gross income excluding branch operations and specially allocable income (less loss) and sum to column 14. Foreign oil and gas extraction gross income appears in columns 24 through 28 and sum to column 23. These amounts are also included in the foreign gross income in columns 14 through 22.

Columns 29 through 38 contain deductions other than from branch operations and specially allocable income. They are divided into: allocable deductions, columns 30 through 34; and not directly allocable deductions, columns 35 through 38. Columns 30 and 35 are the totals,

respectively, and sum to column 29. Columns 39 through 41 are the deductions from oil and gas extraction income and are included in columns 29 through 38.

Columns 42 through 45 reveal taxable income before loss recapture which includes foreign branch income (column 43), specially allocable income or Section 863(B) (column 44), and foreign income other than from branch operations and specially allocable income (column 45). Column 42, the total foreign-source taxable income also equals column 14 minus column 29 plus columns 43 and 44.

Columns 46 through 55 contain foreign taxes paid or accrued and deemed paid before reduction for international boycott operations. Total foreign taxes paid or accrued are divided into taxes withheld at source on dividends (column 48), interest (column 49), and rents, royalties, and licensing fees (column 50), as well as, taxes paid or accrued on branch income (column 51), service income (column 52), partnership income (column 53), and other income (column 54), all of which sum to column 47. Deemed paid foreign taxes are included in column 55. In some instances, small amounts of taxes were attributed to the country of incorporation of a foreign subsidiary rather than the actual country of taxation. Columns 47 and 55 sum to column 46 which is total foreign taxes.

Columns 56 through 58 represent income and taxes of related foreign corporations.

NOTE: Columns and rows may not sum exactly due to rounding.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Number of returns	Income and taxes from all sources									
		Total assets	Net income (less deficit)	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss from foreign sources before loss recapture)	Foreign taxes accrued	Foreign taxes deemed paid	Reduction to foreign tax credit	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
All geographic areas, total	4,409	5,404,718,817	140,430,545	130,506,344	53,347,108	22,558,235	65,809,214	8,667,859	14,635,173	1,059,562	
Canada	2,090	4,463,213,231	122,330,156	113,438,162	41,782,294	21,253,601	61,782,294	7,738,753	14,247,734	931,961	
Latin America, total	844	4,665,335,941	96,571,277	89,842,011	36,742,807	19,892,965	57,452,511	7,266,137	13,395,122	837,342	
Mexico	668	4,055,535,941	96,571,277	89,842,011	36,742,807	19,892,965	57,452,511	7,266,137	13,395,122	837,342	
Central America, total	287	3,212,583,020	79,894,777	74,024,844	26,287,314	15,044,596	41,765,573	4,993,903	10,513,029	178,502	
Costa Rica	120	1,829,951,705	50,760,625	47,279,994	15,044,596	8,304,527	33,633,922	10,841,434	6,748,693	178,502	
Guatemala	121	2,107,580,453	56,864,854	53,091,315	22,640,649	15,044,596	34,763,634	4,704,517	10,750,359	750,814	
Honduras	95	1,918,366,383	44,004,015	41,877,721	17,582,116	10,507,072	34,763,634	4,704,517	10,750,359	750,814	
Nicaragua	26	2,808,477,412	17,143,083	16,416,582	25,877,703	15,007,072	34,763,634	4,704,517	10,750,359	750,814	
Panama (including Canal Zone)	208	1,950,382,462	76,859,359	71,573,027	29,553,588	13,336,526	50,956,810	9,051,735	17,229,973	874,074	
Caribbean countries, total	138	2,481,627,459	50,181,906	46,774,509	19,003,654	13,416,597	50,956,810	9,051,735	17,229,973	874,074	
Cayman Islands (British)	120	1,829,951,705	50,760,625	47,279,994	15,044,596	8,304,527	33,633,922	10,841,434	6,748,693	178,502	
Dominican Republic	128	2,107,580,453	56,864,854	53,091,315	22,640,649	15,044,596	34,763,634	4,704,517	10,750,359	750,814	
Trinidad and Tobago	109	1,918,366,383	44,004,015	41,877,721	17,582,116	10,507,072	34,763,634	4,704,517	10,750,359	750,814	
South America, total	317	2,277,295,761	74,176,207	70,510,560	28,820,949	18,602,732	50,711,512	6,820,238	12,117,724	837,482	
Argentina	276	1,717,854,967	62,335,196	58,723,560	21,990,206	16,549,095	53,227,485	4,983,983	11,223,176	752,091	
Brazil	202	760,243,700	16,070,113	15,044,596	6,430,146	4,302,146	11,278,960	823,718	1,278,960	823,718	
Chile	217	2,663,610,016	66,070,459	64,779,039	26,827,400	16,810,353	47,191,179	6,430,146	11,278,960	823,718	
Colombia	155	2,509,909,404	56,472,680	53,884,826	22,320,504	15,587,458	42,392,195	6,130,390	10,300,976	864,738	
Ecuador	180	1,829,951,705	50,760,625	47,279,994	15,044,596	8,304,527	33,633,922	10,841,434	6,748,693	178,502	
Peru	310	1,948,986,242	75,943,283	71,812,972	29,869,333	18,312,507	50,711,512	6,820,238	12,117,724	837,482	
Venezuela	344	3,859,345,664	69,655,904	63,377,975	33,660,790	19,193,449	55,902,952	6,738,156	12,058,156	882,391	
Other Western Hemisphere, total	134	2,619,157,750	51,580,352	47,978,513	19,353,766	14,406,638	41,554,669	5,139,469	9,804,460	735,064	
The Bahamas	186	3,083,823,293	1,201,869	1,199,869	60,631,978	10,676,776	21,691,512	3,786,936	7,990,375	1,001,371	
Netherlands Antilles	1,853	4,736,860,328	117,908,037	106,676,776	44,272,264	21,691,512	63,786,936	7,990,375	14,478,405	910,371	
Europe, total	1,705	4,736,860,328	117,908,037	106,676,776	44,272,264	21,691,512	63,786,936	7,990,375	14,478,405	910,371	
Common Market countries, total	1,705	4,736,860,328	117,908,037	106,676,776	44,272,264	21,691,512	63,786,936	7,990,375	14,478,405	910,371	
Belgium	539	3,187,453,257	81,880,591	76,300,420	31,241,583	18,913,001	54,471,565	6,874,001	12,765,151	714,554	
France (including Andorra)	539	3,678,059,339	92,740,797	86,411,759	35,371,425	19,703,407	57,454,804	6,729,985	13,395,122	837,342	
Greece	122	2,603,763,309	61,546,736	58,955,064	24,132,425	15,362,245	42,588,233	5,884,137	10,217,780	682,241	
Ireland	130	2,456,032,729	59,970,704	56,967,811	23,332,436	15,499,765	43,529,914	5,884,137	10,217,780	682,241	
Italy (including San Marino)	616	1,975,271,335	28,182,681	26,015,918	10,029,791	10,029,791	55,653,430	6,902,567	12,853,495	838,827	
Luxembourg	310	2,650,603,468	87,323,583	81,700,289	30,481,887	18,206,758	51,689,443	6,238,533	12,252,718	906,524	
Netherlands	889	4,134,238,204	102,792,506	95,142,016	38,685,149	20,600,023	58,139,743	7,239,714	13,805,019	864,738	
Spain	634	3,623,173,737	92,962,812	87,005,731	35,627,113	20,420,023	58,422,337	7,535,609	13,542,459	926,538	
United Kingdom	889	4,134,238,204	102,792,506	95,142,016	38,685,149	20,600,023	58,139,743	7,239,714	13,805,019	864,738	
West Germany	889	4,134,238,204	102,792,506	95,142,016	38,685,149	20,600,023	58,139,743	7,239,714	13,805,019	864,738	
Other West European countries, total	156	2,526,768,981	63,454,168	59,568,034	24,524,772	16,172,143	47,230,807	5,530,008	11,190,112	714,554	
Austria	182	2,416,867,640	62,334,473	58,482,662	24,227,005	15,613,195	45,414,669	5,897,649	11,407,288	735,064	
Finland	156	2,416,867,640	62,334,473	58,482,662	24,227,005	15,613,195	45,414,669	5,897,649	11,407,288	735,064	
France	297	3,134,047,712	76,100,390	71,217,372	29,125,786	17,963,706	51,999,000	6,190,235	12,664,419	813,740	
Norway	444	3,134,047,712	76,100,390	71,217,372	29,125,786	17,963,706	51,999,000	6,190,235	12,664,419	813,740	
Sweden	119	2,045,457,009	46,266,291	43,892,692	18,573,653	10,073,890	55,653,430	6,902,567	12,853,495	838,827	
Switzerland	49	1,159,433,256	26,864,297	27,330,396	10,073,890	10,073,890	55,653,430	6,902,567	12,853,495	838,827	
Turkey	61	2,049,457,009	46,266,291	43,892,692	18,573,653	10,073,890	55,653,430	6,902,567	12,853,495	838,827	
East European countries, total	115	2,003,249,495	49,016,272	45,826,626	19,573,653	10,073,890	55,653,430	6,902,567	12,853,495	838,827	
North Africa, total	121	2,521,709,075	58,620,967	55,860,629	23,336,954	15,810,742	41,554,669	5,897,649	11,407,288	735,064	
Egypt	121	2,521,709,075	58,620,967	55,860,629	23,336,954	15,810,742	41,554,669	5,897,649	11,407,288	735,064	
Libya	121	2,521,709,075	58,620,967	55,860,629	23,336,954	15,810,742	41,554,669	5,897,649	11,407,288	735,064	
East Africa, total	116	2,226,847,831	54,313,265	51,400,335	21,302,409	15,266,169	41,554,669	5,897,649	11,407,288	735,064	
Ghana	25	918,369,114	21,270,641	20,193,561	8,432,470	6,799,963	10,765,626	1,009,107	1,009,107	838,827	
Nigeria	38	1,301,089,512	28,371,857	26,901,822	11,650,416	9,516,170	25,466,119	4,200,290	12,371,117	737,887	
Zaire	57	3,182,386,374	81,111,529	75,724,096	31,064,840	18,248,367	52,026,182	6,289,999	12,127,101	737,887	
South Africa (includes Namibia)	608	3,020,452,743	78,168,353	73,850,471	30,327,286	17,705,821	50,656,760	6,122,407	12,127,101	737,887	
Zimbabwe	49	1,159,433,256	26,864,297	27,330,396	10,073,890	10,073,890	55,653,430	6,902,567	12,853,495	838,827	
Asia, total	1,438	4,554,729,870	115,328,788	107,785,758	44,074,207	21,247,303	62,406,801	7,742,975	14,494,257	900,000	
Middle East, total	31	3,112,990,708	76,576,531	72,869,467	30,419,250	18,353,397	52,874,647	6,654,774	12,208,500	837,482	
Israel	29	1,243,998,202	34,864,669	33,526,198	14,378,765	11,744,284	44,333,398	6,090,148	11,744,284	823,718	
Jordan	285	2,237,777,092	48,171,469	44,743,818	19,542,001	11,777,662	50,560,307	3,908,446	7,546,201	582,391	
Kuwait	20	852,356,955	26,815,416	25,895,578	11,246,402	10,335,075	26,153,949	3,979,403	6,862,216	582,391	
Saudi Arabia	145	2,047,320,914	51,252,291	47,439,085	20,222,015	14,655,248	41,223,076	5,253,323	9,930,418	722,973	
United Arab Emirates	19	1,842,536,708	37,278,710	35,430,698	14,862,248	12,298,603	33,068,021	4,798,889	9,385,529	682,241	
Southern and Southeastern Asia, total	432	3,763,576,114	91,559,255	84,964,300	34,636,129	20,057,841	58,066,771	7,342,622	13,457,013	813,181	
India	172	2,226,235,881	59,072,942	55,153,125	23,540,202	15,875,965	44,333,398	6,090,148	11,744,284	823,718	
Indonesia	154	2,654,975,824	59,395,950	56,816,187	23,397,497	16,134,683	40,940,930	6,415,473	10,567,146	724,973	
Malaysia	226	3,121,594,247	76,574,205	73,446,411	29,834,883	18,132,013	51,400,335	6,122,407	12,127,101	737,887	
Philippines	242	3,214,759,920	74,478,994	70,158,431	29,334,041	17,558,071	50,616,652	6,807,900	11,974,090	803,477	
Singapore	110	4,338,414,835	109,736,048	102,672,027	41,554,669	21,247,303	62,406,801	7,742,975	14,494,257	900,000	
Thailand	110	2,107,377,387	56,713,947	53,145,000	22,277,888	16,055,892	45,801,940	5,894,230	10,615,586	823,718	
East Asia, total	295	2,303,640,939	79,817,707	75,940,371	31,245,496	20,296,260	57,179,756	6,133,793	12,082,873	865,725	
China	1051	4,186,485,716	105,967,364	98,947,500	40,112,578	20,292,862	57,179,756	6,133,793	12,082,873	865,725	
Japan (includes Ryukyu)	239	3,281,444,543	73,576,437	68							

Corporate Foreign Tax Credit by Country, 1986

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued						
	Oil and gas extraction gross income (less loss)						
	Net capital gain	Partnership income	Other income	Total	From extraction of oil or gas	From sale of business assets	Dividends from foreign corporations
	(20)	(21)	(22)	(23)	(24)	(25)	(26)
All geographic areas, total.....	3,900,484	120,416	12,140,747	16,061,774	10,909,143	237,186	6,827,128
Canada.....	30,151	8,288	2,060,411	2,098,850	850,088	499	2,511,575
Latin America, total.....	30,081	26,462	1,209,803	1,266,346	1,071,883	—	148,464
Central America, total.....	—	—	151,711	151,711	9,409	49	249
Costa Rica.....	350	1,078	57,911	59,339	—	20	—
Guatemala.....	727	—	7,073	7,800	—	—	—
Honduras.....	—	—	6,225	6,225	—	—	—
Paraguay (including Canal Zone).....	—	—	20,247	20,247	—	—	—
Caribbean countries, total.....	20,406	10	487,509	507,925	507,925	—	—
Cayman Islands (British).....	—	—	4,926	4,926	—	—	—
Dominican Republic.....	341	—	463,711	464,052	—	—	—
Jamaica and Tobago.....	20,668	32,019	499,511	552,198	—	—	—
South America, total.....	13,459	179	154,818	168,456	187,933	—	—
Argentina.....	8,730	5,611	73,250	87,591	—	—	—
Brazil.....	294	2,547	47,121	50,962	—	—	—
Chile.....	—	97	23,855	23,952	—	—	—
Colombia.....	1,293	3,107	54,924	59,324	—	—	—
Ecuador.....	—	20,831	31,770	52,601	—	—	—
Peru.....	337	—	10,763	11,100	—	—	—
Venezuela.....	—	—	—	—	—	—	—
Other Western Hemisphere, total.....	—	—	—	—	—	—	—
The Bahamas.....	311	—	—	311	—	—	—
Nonferrous Antilles.....	1,805,811	33,696	3,456,378	5,295,885	3,752,421	—	—
Europe, total.....	1,698,816	36,054	2,682,050	4,416,920	1,472,874	—	—
Common Market countries, total.....	290,816	289	141,129	432,234	—	—	—
Belgium.....	1,251	—	150,021	151,272	—	—	—
France (including Andorra).....	—	—	15,939	15,939	—	—	—
Greece.....	—	648	51,724	52,372	—	—	—
Ireland.....	295,021	—	1,227	1,227	—	—	—
Italy (including San Marino).....	199	1,836	517,817	519,852	—	—	—
Luxembourg.....	33,654	986	22,321	36,961	—	—	—
Netherlands.....	569,323	7,459	1,646,085	2,222,867	—	—	—
Spain.....	377,555	12,072	61,758	449,385	—	—	—
United Kingdom.....	104,425	2,069	382,529	488,983	—	—	—
West Germany.....	48,831	—	14,073	62,904	—	—	—
Other West European countries, total.....	677	—	232,598	233,275	—	—	—
Austria.....	—	—	20,454	20,454	—	—	—
Finland.....	11,230	—	79,890	91,120	—	—	—
Norway.....	40,362	—	3,149	43,511	—	—	—
Sweden.....	—	—	6,353	6,353	—	—	—
Switzerland.....	678	—	1,211,781	1,212,459	—	—	—
Turkey.....	—	—	729,072	729,072	—	—	—
East European countries, total.....	536,861	150	694,174	1,231,185	—	—	—
Africa, total.....	—	—	602,656	602,656	—	—	—
North Africa, total.....	—	—	694,174	694,174	—	—	—
Egypt.....	—	—	1,022,549	1,022,549	—	—	—
Libya.....	—	—	21,567	21,567	—	—	—
East Africa, total.....	—	—	275,830	275,830	—	—	—
West and Central African countries, total.....	465,354	24,688	12,958	492,996	—	—	—
Gabon.....	—	—	602,311	602,311	—	—	—
Nigeria.....	—	—	73,431	73,431	—	—	—
Zaire.....	—	—	1,790	1,790	—	—	—
Southern Africa, total.....	30,805	1,269	11,084	43,158	—	—	—
South Africa (includes Namibia).....	30,236	1,259	15,554	46,999	—	—	—
Zimbabwe.....	549	—	—	549	—	—	—
Asia, total.....	854,550	40,994	1,789,158	2,684,702	—	—	—
Middle East, total.....	310,553	28,785	701,891	1,041,229	—	—	—
Iran.....	26,801	197	7,334	27,132	—	—	—
Israel.....	—	—	233,072	233,072	—	—	—
Kuwait.....	16,206	25,928	258,809	290,943	—	—	—
Oman.....	—	—	166,046	166,046	—	—	—
Saudi Arabia.....	1,859	2,179	321,848	325,886	—	—	—
United Arab Emirates.....	4,330	303	5,597	6,230	—	—	—
Southern and Southeastern Asia, total.....	—	—	1,757,262	1,757,262	—	—	—
India.....	—	—	393,037	393,037	—	—	—
Indonesia.....	—	—	1,261,494	1,261,494	—	—	—
Malaysia.....	—	—	378,926	378,926	—	—	—
Philippines.....	—	—	2,325	2,325	—	—	—
Singapore.....	—	—	86,167	86,167	—	—	—
Thailand.....	—	—	4,208	4,208	—	—	—
Other Asia, total.....	—	—	5,549	5,549	—	—	—
Eastern Asia, total.....	561,914	25	26,983	588,922	—	—	—
China.....	—	—	58,121	58,121	—	—	—
Hong Kong.....	—	—	9,819	9,819	—	—	—
Japan (includes Ryukyu).....	580,456	—	—	580,456	—	—	—
South Korea.....	—	—	28,196	28,196	—	—	—
Taiwan.....	—	—	43,687	43,687	—	—	—
Oceania, total.....	120,942	3,489	274,913	399,344	—	—	—
Australia.....	106,835	3,237	266,715	274,167	—	—	—
New Zealand.....	12,837	233	8,815	13,885	—	—	—
Puerto Rico and U.S. Possessions, total.....	17,321	689	1,063,028	1,080,938	—	—	—
Puerto Rico.....	2,883	—	1,024,642	1,027,525	—	—	—
U.S. Possessions, total.....	14,438	689	34,386	49,513	—	—	—
Country not stated.....	3,077	—	1,038,544	1,041,621	—	—	—
IC-DISC dividends.....	16,849	50,335	1,400,305	1,467,489	—	—	—
FSC dividends.....	—	—	3,069,247	3,069,247	—	—	—
OPEC countries, total (included above).....	—	—	—	—	—	—	—

Footnotes at end of table.

Corporate Foreign Tax Credit by Country, 1986

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued									
	Deductions other than from branch operations and specially allocable income									
	Deductions allocable to specific types of income									
	Deductions not allocable to specific types of income									
	Total	Rental, royalty, and other income	Service income	Other income	Total	Research and development	Interest	General and administrative		
	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
All geographic areas, total.....	39,118,710	23,757,954	318,003	973,831	2,877,092	19,588,927	15,360,766	83,188	5,307,304	1,628,676
Canada.....	4,860,950	2,892,388	16,708	49,947	16,708	1,282,741	1,282,741	7,848	233,547	187,892
Latin America, total.....	11,719,751	6,201,812	17,860	49,947	16,708	1,282,741	1,282,741	7,848	233,547	187,892
Mexico.....	1,606,580	491,965	26,850	27,462	390,588	2,535,619	3,788,540	12,016	1,849,849	810,181
Central America, total.....	699,040	552,947	51	1,699	3,194	5,689,003	7,114,614	1,002	712,338	78,008
Costa Rica.....	45,812	35,771	14	—	—	185,297	185,297	1,278	59,659	23,733
Guatemala.....	14,872	10,025	2	81	169	35,629	10,140	613	1,804	1,276
Honduras.....	246,251	242,857	13	87	1,349	241,409	241,409	13	1,804	1,276
Paraguay (including Canal Zone).....	358,239	242,857	23	1,413	1,478	244,323	244,323	578	793	578
Caribbean countries, total.....	965,629	728,827	12,175	1,413	232,006	480,990	238,902	3,761	81,801	21,777
Cayman Islands (British).....	257,944	82,647	158	243	5,689	78,677	185,297	3,761	77,414	11,078
Dominican Republic.....	35,546	25,588	394	111	9,108	16,368	9,565	429	2,679	1,326
Jamaica and Tobago.....	392,842	128,575	11,256	13,206	13,206	21,627,861	21,627,861	5,970	949,739	177,709
South America, total.....	3,921,742	3,745,575	29,885	13,206	13,206	21,627,861	21,627,861	5,970	949,739	177,709
Argentina.....	707,357	242,876	517	2,345	21,309	218,705	464,461	435	339,165	35,122
Brazil.....	1,512,429	318,369	460	4,703	72,251	218,705	464,461	435	339,165	35,122
Chile.....	191,242	61,851	32	725	16,250	296,954	464,461	435	339,165	35,122
Colombia.....	228,720	166,987	460	4,703	60,105	296,954	464,461	435	339,165	35,122
Ecuador.....	195,906	177,422	1,883	965	13,835	161,139	129,391	289	63,324	11,614
Peru.....	33,028	54,630	27,031	692	777	155,706	28,919	38	22,798	3,188
Venezuela.....	350,041	132,958	76	2,876	18,588	26,501	38,998	82	15,028	6,228
Other Western Hemisphere, total.....	1,488,163	1,329,596	10,367	7,189	11,170	477,384	982,035	2,109	101,044	24,825
The Bahamas.....	57,125	91,881	—	—	—	—	—	—	—	—
Netherlands Antilles.....	406,248	43,053	1,874	6,237	2,820	479,343	3,024	406,853	72,588	36,293
Europe, total.....	12,511,998	6,327,020	114,530	638,727	1,034,935	6,328,708	265,195	1,034	70,074	19,142
Common Market countries, total.....	1,672,145	440,352	39,584	336,235	509,466	5,342,857	4,144,979	42,826	1,081,845	768,872
Belgium.....	672,145	440,352	39,584	336,235	509,466	5,342,857	4,144,979	42,826	1,081,845	768,872
France (including Andorra).....	1,106,883	717,852	6,617	81,342	21,068	410,784	5,141,022	6,236	56,994	62,520
Greece.....	64,910	41,326	1	—	—	56,391	383,031	6,171	87,794	58,812
Ireland.....	69,704	27,660	84	1,463	6,164	32,287	28,378	2,526	19,355	475
Italy (including San Marino).....	691,409	466,261	4,134	1,231	3,444	394,582	77,845	814	7,555	1,848
Luxembourg.....	61,400	11,236	5,955	69,298	2,482	30,723	36,725	1,735	34,474	7,555
Netherlands.....	516,190	173,460	582	10,527	10,723	162,021	5,533	16,705	4,755	7,555
Spain.....	4,129,848	2,772,988	17,683	84,278	235,319	51,654	342,729	6,022	80,049	39,926
United Kingdom.....	1,434,023	883,389	2,883	301,320	2,458,559	1,258,858	7,949	486,208	248,598	134,882
West Germany.....	1,863,673	1,381,162	7,042	52,491	95,426	742,566	7,526	486,208	248,598	134,882
Other West European countries, total.....	80,844	54,633	1,014	1,031	11,170	914,518	482,512	3,385	84,229	13,864
Austria.....	71,409	46,380	589	5,114	11,170	26,211	125	8,521	1,000	1,000
Denmark.....	49,380	28,748	56,572	284,007	6,238	41,254	28,029	96	10,265	8,368
Finland.....	269,305	156,286	6,318	6,318	237,822	40,526	140	8,608	10,129	1,129
France.....	188,768	433,929	499	4,517	66,329	63,185	447	14,669	10,265	8,368
Turkey.....	712,923	432,929	499	4,517	66,329	63,185	447	14,669	10,265	8,368
East European countries, total.....	104,755	72,774	30	41	46,319	405,225	279,993	2,136	29,248	45,657
Other Eastern Hemisphere, total.....	82,263	72,774	30	41	46,319	405,225	279,993	2,136	29,248	45,657
Africa, total.....	1,601,962	1,235,866	1,858	1,858	27,706	17,896	246	4,931	3,140	3,140
North Africa, total.....	609,901	392,124	424	2,765	27,706	17,896	246	4,931	3,140	3,140
Egypt.....	469,626	321,248	230	3,556	27,706	17,896	246	4,931	3,140	3,140
East Africa, total.....	70,506	70,481	39	356	19,091	371,564	87,759	6	11,145	21,289
West and Central African countries, total.....	69,571	50,004	1	115	823	69,636	16,567	47	5,745	19,957
Algeria.....	64,910	50,004	1	115	823	69,636	16,567	47	5,745	19,957
Nigeria.....	792,238	592,288	1,004	470	207,959	382,584	56,868	16,567	11,145	21,289
Zaire.....	100,819	80,097	2	158	5,898	31,423	803	1	21,571	12,815
South Africa.....	173,281	78,001	2	196	1,656	58,349	20,522	22	6,970	4,340
South Africa (includes Namibia).....	159,518	63,900	180	6,142	8,340	55,409	102,943	1,003	29,248	23,247
Zimbabwe.....	5,707	3,270	—	216	1,188	52,369	95,616	96	27,624	14,480
Asia, total.....	5,732,428	3,861,499	51,341	123,058	484,054	3,002,829	2,071,425	9,811	886,635	282,314
China, total.....	1,332,883	1,187,176	2,775	4,482	160,056	193,303	137,706	106	2,532	17,861
Hong Kong.....	87,563	77,724	3	259	2,375	77,711	9,840	1	354	250
Korea.....	16,069	23,811	230	2,275	7,009	32,533	33,824	1	4,227	1,666
Qatar.....	360,896	22,144	230	2,275	7,009	32,533	33,824	1	4,227	1,666
Saudi Arabia.....	2,897	2,529	21	220	55,120	93	298,158	1	3,864	2,794
United Arab Emirates.....	442,598	474,176	2,448	94	80,261	9,218	369	6	4,907	2,794
Southern and Southeastern Asia, total.....	251,523	235,811	14	92	34,349	18,422	1,365	6	3,864	1,666
India.....	1,320,965	978,276	7	92	34,349	18,422	1,365	6	3,864	1,666
Malaysia.....	36,733	18,317	—	112	1,663	156,793	72,747	342,589	1,873	146,248
Philippines.....	545,386	509,297	14,894	10,106	7,144	477,653	18,416	78	7,590	2,802
Singapore.....	61,665	49,584	47	10,106	7,144	477,653	18,416	78	7,590	2,802
Thailand.....	179,772	77,790	5,322	4,016	657	46,246	10,281	166	19,342	9,253
Other Asia, total.....	382,306	233,952	17,261	12,446	106,842	95,604	140,253	205	33,081	19,298
China, total.....	44,879	28,240	—	—	—	—	—	—	—	—
Hong Kong.....	3,032,276	1,479,106	11,137	80,120	37,444	24,370	16,540	100	78,870	38,443
Japan (Okinawa, Ryukyu).....	81,075	67,884	5,779	9,822	10,556	15,533	1,553	7,032	380,330	167,216
Korea.....	261,280	122,242	259	5,872	13,869	102,442	139,038	71	6,161	1,855
Taiwan.....	2,368,544	1,123,070	173	4,684	72,855	97,376	1,245,574	6,450	250,597	22,952
Other Asia, total.....	215,486	104,779	203	4,684	21,113	78,208	218	1	140,834	7,008
Oceania, total.....	100,437	100,437	—	—	—	—	—	—	—	—
Other Oceania, total.....	100,437	100,437	—	—	—	—	—	—	—	—
New Zealand.....	894,898	811,218	18,818	30,838	37,158	624,700	283,682	8,888	82,208	8,749
Puerto Rico.....	792,918	542,878	25,512	19,303	1,036	1,036	250,040	5,392	69,565	55,860
Puerto Rico.....	80,484	49,132	199	2,313	1,063	475,192	50,000	153	11,666	5,440
United States, total.....	1,919,717	1,581,885	4,024	3,492	80,828	1,095,162	328,412	8	40,190	76,775
United States, total.....	1,701,381	1,443,721	1,614	1,614	29,773	55,855	257,560	560	14,190	67,775
IC-DISC shareholders.....	218,336	149,584	1,412	1,878	45,244	1,091,744	287,852	1	22,790	7,051
Other shareholders, total.....	3,860,780	1,791,560	30,577	67,121	292,788	1,091,744	221,878	2,181	92,944	105,024
IC-DISC shareholders, total.....	466,725	144,838	—	—	—	78,528	3,852	—	—	—
Other shareholders, total.....	2,857,934	2,153,344	17,529	15,254	209,109	1,811,432	371,887	—	—	—
Other shareholders, total.....	2,857,934	2,153,344	17,529	15,254	209,109	1,811,432	371,887	—	—	—

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued					
	Deductions from oil and gas extraction income			Taxable income (less loss) before loss recapture		
	Total	Allocable to specific types of income	Not allocable to specific types of income	Total	Foreign branch income	Specialty allocable income (Section 855(b))
	(36)	(40)	(41)	(42)	(43)	(44)
All geographic areas, total.....	6,689,517	6,011,916	74,601	65,809,314	9,496,597	1,900,781
Canada.....	440,184	438,536	1,648	10,508,330	515,851	604,332
Latin America, total.....	730,473	726,189	4,284	1,077,113	1,077,113	79,035
Mexico.....	6,600	4,423	2,176	1,040,659	102,076	938,583
Central America, total.....	10	10	—	537,521	47,455	490,066
Costa Rica.....	4,423	4,423	—	30,819	685	1,406
Guatemala.....	(1)	(1)	—	29,158	1,572	253
Honduras.....	2,176	2,176	—	40,589	4,709	246
Nicaragua (including Canal Zone).....	392,351	392,351	—	14,266	1,068	775,816
Caribbean countries, total.....	4	4	—	729,271	137,189	592,082
Cayman Islands (British).....	392,295	392,295	—	394,369	2,215	287,933
Dominican Republic.....	331,430	331,430	—	48,711	22,129	26,582
Trinidad and Tobago.....	94,897	94,897	—	17,560	1,040	247,348
South America, total.....	568	568	—	3,193,185	37,245	2,666,353
Argentina.....	568	568	—	1,071,202	341,865	1,618,390
Brazil.....	152,748	152,641	105	543,756	127,760	410,754
Chile.....	71,385	71,383	2	119,994	1,262	99,458
Colombia.....	6,508	6,508	—	133,755	12,127	2,635
Ecuador.....	5,226	5,226	—	66,010	10,497	1,382
Peru.....	9,887	9,832	55	44,889	1,386	35,966
Venezuela.....	1,800	1,800	—	217,690	13,456	196,491
Other Western Hemisphere, total.....	8,087	8,032	55	2,348,984	379,384	1,461
The Bahamas.....	1,800	1,800	—	799,971	37,382	1,868,418
Netherlands Antilles.....	8,087	8,032	55	99,963	40,985	515
Europe, total.....	1,873,492	1,816,181	56,311	29,137,189	3,610,223	469,697
Common Market countries, total.....	808,234	785,809	22,425	24,497,724	2,629,382	373,154
Belgium.....	4,554	4,551	3	2,070,346	524,643	26,731
France (including Andorra).....	431	431	—	2,816,396	322,783	36,232
Greece.....	3,202	3,202	—	130,204	110,010	2,638
Ireland.....	—	—	—	195,603	37,706	21,294
Italy (including San Marino).....	90,975	74,650	16,325	2,651,033	211,185	15,388
Luxembourg.....	72,017	71,983	34	108,437	2,686	105,372
Netherlands.....	483,796	457,880	25,916	2,035,199	170,462	34,965
United Kingdom.....	1,023,156	1,023,156	—	516,370	105,112	7,265
West Germany.....	18,234	18,234	—	8,222,828	918,520	1,382
Other West European countries, total.....	22	22	—	4,569,467	1,216,979	53,170
Austria.....	1,051,434	1,035,459	15,975	453,619	16,983	433,616
Finland.....	—	—	—	167,445	230	818
Norway.....	—	—	—	1,791,163	1,152,744	1,563
Sweden.....	—	—	—	423,410	9,696	7,027
Switzerland.....	11,468	11,468	—	1,548,905	—62,827	40,192
Turkey.....	2,108	2,108	—	55,732	56,641	440
East European countries, total.....	792,292	791,325	967	56,540	—9,548	1,800
North Africa, total.....	463,870	463,870	—	1,007,852	1,007,852	10,941
Egypt.....	406,110	406,110	—	450,655	450,655	34,517
Libya.....	12,852	12,852	—	326,507	1,670	34,392
Other North African countries, total.....	14,851	14,851	—	78,731	45,339	187
East Asia, total.....	314,210	313,239	971	1,565,479	669,737	1,899
West and Central Asian countries, total.....	30,986	30,986	—	577,634	321,141	1,380
Bahrain.....	71,352	71,353	—	22,252	12,298	9,954
Nigeria.....	32,297	32,297	—	630,905	121,256	6,662
Southern Africa, total.....	265	265	—	604,028	130,556	6,944
Southern Africa (includes Namibia).....	144	144	—	16,327	—8,022	89
Zimbabwe.....	29	29	—	1,952,983	200,067	677,884
Asia, total.....	540,828	533,474	7,354	10,333,630	1,952,983	200,067
Middle East, total.....	2,959	2,959	—	767,093	80,461	67,629
Iran.....	213,494	213,494	—	—24,780	7,125	7,669
Israel.....	1,418	1,418	—	107,341	29,372	2,765
Kuwait.....	29,791	29,790	1	5,536	19,905	159
Oman.....	242,444	242,444	—	222,140	—74,747	1,762
Saudi Arabia.....	635,971	633,852	2,119	2,121,395	194,644	1,926,751
United Arab Emirates.....	1,457	1,457	—	2,961,321	1,384,850	1,576,471
Southern and Southeastern Asia, total.....	372,008	369,890	2,118	87,567	20,762	66,805
India.....	246,956	246,956	—	1,671,473	819,419	2,499
Indonesia.....	3,154	3,154	—	315,962	226,271	1,696
Malaysia.....	1,699	1,699	—	223,728	43,176	26,777
Philippines.....	2,439	2,439	—	479,680	189,601	290,079
Singapore.....	34,533	34,533	—	137,343	50,948	86,395
Thailand.....	25,396	25,396	—	6,576,778	469,911	5,597,867
Eastern Asia, total.....	8,940	8,940	—	116,228	14,245	1,020
China.....	54	54	—	509,275	197,424	311,851
Hong Kong.....	133	133	—	5,669,802	966,271	4,703,531
Japan (including Ryukyu).....	965,138	965,099	37	286,595	89,598	196,997
South Korea.....	47,027	47,027	—	226,321	26,170	1,046
Taiwan.....	3,292	3,292	—	1,801,435	512,112	36,179
Oceania, total.....	965,138	965,099	37	1,641,862	506,955	34,766
Australia.....	47,027	47,027	—	160,321	967,724	187,806
New Zealand.....	47,027	47,027	—	155,412	127,621	27,791
Puerto Rico and U.S. Possessions, total.....	12,553	12,553	—	2,082,669	256,660	309,818
Puerto Rico.....	—	—	—	31,893	—	—
Country not stated.....	—	—	—	178,831	—	—
IC-DISC dividends.....	—	—	—	—	—	—
FSC dividends.....	—	—	—	—	—	—
Total.....	1,043,607	1,043,607	—	3,150,479	1,340,623	18,853

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to Which Foreign Taxes Were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued										
	Foreign taxes paid or accrued and deemed paid before reduction										Deemed paid
	Paid or accrued					Other taxes paid or accrued on					
	Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Service income	Partnership income	Other income			
	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	
All geographic areas, total.....	23,103,062	8,467,889	2,329,825	756,804	908,655	3,272,882	152,670	41,785	1,104,564	14,635,177	
Canada.....	4,858,174	4,858,174	568,753	756,804	806,855	3,272,882	152,670	41,785	1,104,564	14,635,177	
Latin America, total.....	2,604,118	2,604,118	1,077,590	813,568	84,736	73,718	12,308	2,982	182,019	3,816,591	
Mexico.....	218,308	218,308	102,303	131,661	81,017	267,462	34,837	21,479	112,048	825,428	
Central America, total.....	14,149	14,149	3,876	1,448	88	1,333	1,148	341	486	176,083	
Costa Rica.....	11,018	11,018	5,794	2,007	129	1,553	1,369	371	443	102,271	
Guatemala.....	175,352	175,352	16,484	1,102	28	23	1,553	191	16	176,083	
Honduras.....	179,897	179,897	121,515	8,614	652	1,782	2,240	132	488	176,083	
Nicaragua (including Canal Zone).....	5,074	5,074	9	2	2,867	2,240	132	488	—	10,271	
Caribbean countries, total.....	17,827	17,827	17,546	81	2	2,240	132	488	—	158,688	
Cayman Islands (British).....	145,494	145,494	95,823	8,325	101	879	9,350	141	—	58,371	
Dominican Republic.....	1,638,851	1,638,851	145,523	427,684	404,007	38,594	159,762	249	—	84,259	
Trinidad and Tobago.....	164,876	164,876	106,598	427,684	404,007	38,594	159,762	249	—	6,994	
South America, total.....	1,228,595	1,228,595	769,619	362,498	81,977	15,465	30,548	19,613	21,502	49,660	
Argentina.....	28,679	28,679	25,224	13,880	797	11,274	1,221	105	8,278	571,133	
Chile.....	22,244	22,244	16,386	3,392	659	2,946	2,411	—	2,877	19,353	
Ecuador.....	85,708	85,708	48,025	4,437	1,709	5,558	54,389	5,568	9,328	459,976	
Peru.....	28,679	28,679	25,224	13,880	797	11,274	1,221	105	8,278	459,976	
Venezuela.....	22,244	22,244	16,386	3,392	659	2,946	2,411	—	2,877	19,353	
Other Western Hemisphere, total.....	85,574	85,574	43,693	11,332	9,053	1,304	63	1,746	—	3,455	
Netherlands Antilles.....	210,628	210,628	113,821	9,053	4,449	19	3,358	14,650	1,339	41,881	
Europe, total.....	152,925	152,925	19,001	4,681	22	—	—	—	—	10,684	
Common Market countries, total.....	8,878,854	8,878,854	2,736,466	857,435	54,872	324,335	1,171,478	8,005	292,096	7,139,898	
Belgium.....	8,199,740	8,199,740	1,821,013	684,270	24,149	119,567	665,109	18,916	8,805	292,096	
France (including Andorra).....	634,485	634,485	146,225	54,033	463	87,967	500	1,016	488,260	687,406	
Greece.....	811,160	811,160	123,754	38,744	35,799	36,445	1,741	5,484	1,016	488,260	
Italy (including San Marino).....	15,723	15,723	12,299	229	566	36,445	1,741	5,484	1,016	488,260	
Luxembourg.....	769,451	769,451	33,416	3,416	42	5,572	64	40	1,060	40,000	
Netherlands.....	622,312	622,312	181,534	3,009	872	3,009	872	3,009	872	3,009	
Norway.....	296,609	296,609	140,374	54,612	3,002	1,788	36,161	6,232	783	86,643	
Sweden.....	2,243,178	2,243,178	704,404	348,010	6,437	330,887	8,764	1,536	164,379	1,562,235	
Switzerland.....	1,671,609	1,671,609	912,420	255,036	3,878	3,835	330,887	8,764	1,536	164,379	
Other West European countries, total.....	116,736	116,736	12,726	9,352	30,723	203,302	511,163	2,162	937	9,768	
Austria.....	44,989	44,989	3,710	—	—	—	—	—	—	1,461	
Finland.....	777,627	777,627	732,133	60,318	—	—	—	—	—	117	
Norway.....	157,622	157,622	12,126	9,071	29,690	201,523	442,000	—	—	3	
Sweden.....	518,342	518,342	60,318	61,743	566	818	12,124	48	184	54,094	
Switzerland.....	61,083	61,083	104,269	81,743	566	818	12,124	48	184	54,094	
Other Western Hemisphere, total.....	51,083	51,083	104,269	81,743	566	818	12,124	48	184	54,094	
Africa, total.....	5,213	5,213	35	15	184	872	1,948	—	1,205	145,494	
North Africa, total.....	832,862	832,862	506,698	35,384	1,447	1,160	—	—	—	412	
Egypt.....	207,443	207,443	191,242	258	779	18,397	347,389	30,581	62	178,137	
Libya.....	146,198	146,198	12,726	9,352	30,723	203,302	511,163	2,162	937	9,768	
Other Africa, total.....	24,778	24,778	2,478	—	—	—	—	—	—	—	
East Africa, total.....	23,887	23,887	8,793	2,254	524	665	5,112	440	35	28,861	
North Africa, total.....	4,439	4,439	343,537	4,765	524	665	5,112	440	35	28,861	
Other Western Hemisphere, total.....	7,426	7,426	430,731	2,683	411	144	162	735	505	2,843	
South Africa, total.....	130,021	130,021	173,512	2,683	411	144	162	735	505	2,843	
Other Western Hemisphere, total.....	26,205	26,205	1,956	654	721	508	31,618	3,437	19	157	
Asia, total.....	132,279	132,279	64,720	28,102	195	10,733	8,426	54	39	19	
East Asia, total.....	18,303	18,303	23,936	1,567	195	10,733	8,426	54	39	19	
Other Asia, total.....	3,824,427	3,824,427	1,791,742	102,580	50,239	257,687	950,864	43,534	6,710	280,827	
Japan.....	368,432	368,432	358,578	4,283	4,189	13,965	147,454	25,653	5,046	158,977	
Korea.....	1,469	1,469	1,469	—	—	—	—	—	—	—	
Other Asia, total.....	28,406	28,406	23,153	1,193	3,740	3,844	5,520	217	18	7,626	
Other Western Hemisphere, total.....	6,074	6,074	98	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	143,445	143,445	132,683	3,019	33	2,068	17,657	7,010	4,911	107,965	
Other Western Hemisphere, total.....	189,870	189,870	189,870	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	1,317,196	1,317,196	830,652	2,710	17,817	36,644	109,482	18,005	242	42,472	
Other Western Hemisphere, total.....	47,724	47,724	41,033	29,919	165	8,421	27,991	8,508	242	105,785	
Other Western Hemisphere, total.....	938,146	938,146	517,228	16,445	1,420	2,096	43,177	1,561	242	2,776	
Other Western Hemisphere, total.....	115,712	115,712	16,445	1,420	2,096	43,177	1,561	242	2,776	368,918	
Other Western Hemisphere, total.....	86,565	86,565	99,350	262	7,102	5,799	32,626	1,229	625	16,284	
Other Western Hemisphere, total.....	67,963	67,963	30,286	10,735	1,567	13,673	11,919	2,648	157	38,299	
Other Western Hemisphere, total.....	2,426,664	2,426,664	801,229	353	1,710	2,521	15,414	3,378	654	41,805	
Other Western Hemisphere, total.....	7,402	7,402	148,474	18,108	31	219,068	1,709	965	—	37,677	
Other Western Hemisphere, total.....	46,935	46,935	10,953	667	3	4,685	664	9,373	1,422	18,175	
Other Western Hemisphere, total.....	36,432	36,432	508,592	124,245	13,084	202,061	146,661	621	—	1,647,427	
Other Western Hemisphere, total.....	26,439	26,439	37,014	365	6,224	10,679	1,539	—	—	7,982	
Other Western Hemisphere, total.....	56,539	56,539	38,192	19,809	518	4,835	10,679	1,539	—	1,707	
Other Western Hemisphere, total.....	730,328	730,328	385,216	43,793	20,240	289,506	378	493	793	18,347	
Other Western Hemisphere, total.....	64,314	64,314	358,142	37,891	19,534	24,829	254,986	324	466	1,562,154	
Other Western Hemisphere, total.....	155,295	155,295	124,871	9,893	1,022	3,510	55,171	3,378	20,122	346,012	
Other Western Hemisphere, total.....	34,261	34,261	12,837	2,793	5,521	8,181	15,414	3,378	41	47,300	
Other Western Hemisphere, total.....	60,341	60,341	50,258	1,039	9	25,591	6,643	8,182	654	4,325	
Other Western Hemisphere, total.....	989	989	12	122	122	—	—	—	—	—	
Other Western Hemisphere, total.....	1,869,734	1,869,734	1,164,840	39,739	28,074	12,345	772,499	32,022	19,810	260,351	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—	
Other Western Hemisphere, total.....</											

Corporate Foreign Tax Credit by Country, 1986

Corporate Foreign Tax Credit, 1986

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RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED
Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Country to which Foreign Taxes Were Paid—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Country and U.S. DSC and FSC dividends	Income and taxes from specific geographic area or country—Continued	Income and taxes from all sources	Income and taxes from all sources	Income and taxes from all sources
	(6)	(7)	(8)	(9)
All geographic areas, total	22,444,065	3,122,121	1,318,182	1,318,182
Latin America, total	1,084,144	282,230	8,241	8,241
Brazil	263,070	184,087	63,822	63,822
Colombia	518,484	112,580	32	32
Costa Rica	11,286	106	85,985	85,985
Cuba	7,328	183,576	3,721	3,721
Guatemala	478,520	112,580	3,685	3,685
Honduras	11,520	112,580	3,721	3,721
Paraguay (including Canal Zone)	71,524	42,816	27,224	27,224
Puerto Rico (including Canal Zone)	71,524	42,816	27,224	27,224
Salvador	1,171,899	35,622	108	108
Trinidad and Tobago	82,491	775	70	70
Venezuela	12,191	1,303	23,310	23,310
Other Latin America, total	13,435	290	148	148
Europe, total	1,398,482	972,937	2,717	2,717
Austria	1,398,482	972,937	2,717	2,717
Belgium	991,144	1,427,487	7,702	7,702
Commonwealth of Independent States	1,424,186	1,427,487	7,702	7,702
Denmark	8,834,558	181,770	86,233	86,233
France	83,121	15	3,527	3,527
Germany	1,382	12,701	7,470	7,470
Greece	1,223,533	6,989	38,865	38,865
Ireland	43,298	75,557	164,238	164,238
Italy (including San Marino)	3,067,644	271,223	1,338,971	1,338,971
Luxembourg	2,099,555	261,107	1,338,971	1,338,971
Netherlands	2,099,555	261,107	1,338,971	1,338,971
Norway	2,099,555	261,107	1,338,971	1,338,971
Portugal	2,099,555	261,107	1,338,971	1,338,971
Spain	2,099,555	261,107	1,338,971	1,338,971
Sweden	2,099,555	261,107	1,338,971	1,338,971
Switzerland	2,099,555	261,107	1,338,971	1,338,971
United Kingdom	2,099,555	261,107	1,338,971	1,338,971
West Germany	2,099,555	261,107	1,338,971	1,338,971
Other Europe, total	1,382	12,701	7,470	7,470
Asia, total	418,004	10,865	3,484	3,484
China	418,004	10,865	3,484	3,484
India	418,004	10,865	3,484	3,484
Japan	418,004	10,865	3,484	3,484
South Korea	418,004	10,865	3,484	3,484
Taiwan	418,004	10,865	3,484	3,484
Other Asia, total	418,004	10,865	3,484	3,484
Africa, total	4,789	985	78	78
Algeria	4,789	985	78	78
Angola	4,789	985	78	78
Botswana	4,789	985	78	78
Burkina Faso	4,789	985	78	78
Cameroon	4,789	985	78	78
Cote d'Ivoire	4,789	985	78	78
DRC (Zaire)	4,789	985	78	78
Egypt	4,789	985	78	78
Equatorial Guinea	4,789	985	78	78
Ghana	4,789	985	78	78
Guinea	4,789	985	78	78
Kenya	4,789	985	78	78
Madagascar	4,789	985	78	78
Mali	4,789	985	78	78
Morocco	4,789	985	78	78
Niger	4,789	985	78	78
Nigeria	4,789	985	78	78
Rwanda	4,789	985	78	78
Senegal	4,789	985	78	78
Sierra Leone	4,789	985	78	78
South Africa	4,789	985	78	78
Swaziland	4,789	985	78	78
Tanzania	4,789	985	78	78
Togo	4,789	985	78	78
Tunisia	4,789	985	78	78
Zambia	4,789	985	78	78
Zimbabwe	4,789	985	78	78
Other Africa, total	4,789	985	78	78
Oceania, total	4,789	985	78	78
Australia	4,789	985	78	78
New Zealand	4,789	985	78	78
Other Oceania, total	4,789	985	78	78
U.S. Possessions, total	4,789	985	78	78
Puerto Rico	4,789	985	78	78
Other U.S. Possessions, total	4,789	985	78	78
Other countries, total (included above)	4,789	985	78	78
OECD countries, total (included above)	4,789	985	78	78
Non-OECD countries, total (included above)	4,789	985	78	78
U.S. Possessions, total (included above)	4,789	985	78	78
Other countries, total (included above)	4,789	985	78	78

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes Were Paid
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less total foreign tax credit)	Foreign tax credit claimed	Foreign tax credit claimed	Reduction for foreign taxes	Carryover	Before reduction for foreign taxes	Reduction for foreign taxes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
All Industries, total	4,408	5,404,718,817	130,506,344	53,347,108	22,258,235	65,809,314	8,487,889	14,835,173	1,059,505	5,364,349	22,260,336	727
All geographic areas, total	2,090	4,663,310,239	115,438,162	46,180,858	21,283,601	61,782,294	7,788,753	14,247,734	931,981	4,768,438	21,255,656	727
Canada	944	4,465,263,211	100,568,749	41,273,247	20,854,104	61,550,868	7,527,812	14,095,109	883,242	4,851,152	20,956,169	727
Latin America, total	378	3,717,854,967	78,723,590	31,990,206	18,549,005	58,999,118	6,899,118	12,385,730	664,693	4,224,122	18,551,130	708
Brazil	155	2,509,909,404	53,684,826	22,320,054	15,987,458	42,392,195	6,130,902	10,192,749	814,628	3,848,753	15,539,349	562
Ecuador	688	4,065,535,944	69,842,011	36,742,807	19,982,965	57,450,531	7,296,887	13,965,122	837,105	4,382,766	19,985,010	717
Mexico	208	2,908,417,412	63,418,582	25,677,703	15,907,025	45,107,787	5,776,847	10,560,359	750,814	3,822,279	15,906,960	553
Panama (including Canal Zone)	310	3,194,988,242	71,281,972	29,869,333	18,312,507	52,951,338	6,812,011	12,211,347	864,693	4,190,615	18,314,557	722
Venezuela	344	3,859,345,684	83,377,975	33,560,790	19,193,449	55,902,052	6,738,125	13,056,156	666,327	4,469,269	19,195,466	688
Other Latin America, total	134	2,619,157,750	47,978,513	19,933,766	14,404,638	41,554,668	5,139,469	9,804,468	759,919	3,773,540	14,406,305	339
Bermuda	180	2,139,845,365	56,553,261	23,703,811	16,009,560	43,133,869	5,820,119	11,119,451	834,940	2,695,190	18,011,561	874
Netherlands Antilles	189	3,083,628,232	66,631,916	27,370,274	16,965,907	49,905,669	5,997,949	11,470,288	735,064	4,012,718	16,967,460	625
Europe, total	1,853	4,736,866,328	106,576,776	44,872,266	21,691,512	63,786,936	7,990,375	14,478,405	1,001,372	4,983,180	21,693,567	727
Austria	162	2,526,798,981	59,568,034	24,324,722	16,172,143	47,230,807	5,530,088	11,190,112	673,602	3,785,902	16,174,023	553
Belgium	244	3,187,453,257	76,300,420	31,241,583	18,913,001	54,471,555	6,874,001	12,712,745	814,675	4,208,144	18,914,921	592
Denmark	342	2,801,794,854	64,211,963	26,514,338	17,256,393	49,469,738	6,321,725	11,452,956	907,993	4,011,324	17,256,489	589
France (including Andorra)	335	1,678,969,359	89,411,768	35,723,178	18,703,407	47,464,940	6,729,885	13,539,551	774,354	4,243,201	18,705,461	727
Italy (including San Marino)	412	3,496,457,314	80,607,972	32,951,648	19,512,689	56,469,852	6,945,961	13,296,989	880,871	4,323,457	19,514,538	592
Luxembourg	65	1,975,271,335	26,015,918	10,029,791	6,235,325	17,678,154	2,821,437	5,851,554	157,846	867,554	17,678,154	208
Netherlands	574	1,659,520,468	81,700,267	33,015,101	18,070,680	49,553,430	6,960,857	12,553,495	856,522	4,263,470	18,070,680	610
Norway	194	2,351,832,358	55,703,436	22,903,594	16,011,217	46,217,882	6,096,526	10,874,403	915,525	3,830,994	16,011,217	616
Spain	318	3,327,511,112	74,780,400	30,491,987	16,206,758	58,689,943	7,415,473	12,258,718	843,302	3,534,575	16,206,758	587
Sweden	162	3,134,047,712	71,217,372	28,152,162	17,963,706	51,959,000	6,190,035	12,325,388	736,962	4,054,316	17,963,706	581
Switzerland	444	3,417,257,738	77,806,766	31,931,216	18,918,837	54,405,414	6,907,249	12,664,419	813,770	4,143,799	18,918,837	592
United Kingdom	809	4,134,238,282	94,142,016	38,886,149	20,860,087	61,130,430	7,415,473	14,067,987	986,834	4,525,968	20,860,087	727
West Germany	843	3,645,210,737	86,808,727	35,943,177	20,391,405	58,616,051	7,239,714	13,805,019	864,736	4,408,175	20,391,405	708
Africa, total	681	3,643,235,040	82,891,840	33,866,956	19,697,337	56,978,188	7,359,998	13,061,497	928,537	4,678,331	19,699,388	723
Liberia	44	1,632,792,578	28,448,919	11,903,873	9,937,498	27,852,059	4,558,708	9,594,759	794,268	2,294,489	9,938,828	2
South Africa (including Namibia)	588	3,020,452,243	73,850,471	30,327,286	17,765,821	50,586,760	6,122,407	12,127,101	737,807	4,012,639	17,767,811	722
Asia, total	1,338	4,550,729,870	107,785,978	44,074,302	21,247,303	62,408,601	7,742,975	14,204,257	958,319	4,887,278	21,248,358	727
Hong Kong	295	3,203,440,930	71,249,486	29,296,280	17,799,766	51,642,601	6,133,873	12,082,873	731,171	4,194,122	17,801,696	592
Indonesia	154	2,554,975,824	58,816,181	23,287,491	18,134,683	44,404,330	5,819,473	10,571,432	624,370	3,814,067	18,134,683	545
Japan (including Okinawa and Ryukyu)	1,051	4,188,465,716	98,947,500	40,412,578	20,522,862	59,170,620	7,413,001	13,751,903	865,725	4,561,947	20,524,913	723
Philippines	228	3,121,594,247	73,446,411	29,834,893	18,132,013	51,406,878	6,697,849	11,775,551	685,674	4,193,476	18,133,913	572
Oceania, total	631	4,006,752,783	93,125,304	37,982,853	20,430,651	58,720,658	7,336,332	13,729,842	838,565	4,925,847	20,432,708	727
Australia	784	3,961,341,200	92,321,860	37,548,618	20,359,858	56,419,429	7,318,003	13,680,241	838,565	4,916,278	20,361,889	704
Puerto Rico and U.S. Possessions, total	472	3,378,361,025	82,128,135	33,261,173	18,134,818	51,191,327	6,258,252	12,318,540	759,425	4,177,760	18,136,718	572
OECD countries, total (included above)	118	3,610,883,006	78,825,349	32,948,509	19,563,831	58,514,404	7,390,024	12,913,842	858,155	4,548,342	19,565,885	727
Tax haven countries, total (included above)	1,185	4,598,847,728	105,800,181	43,273,487	21,277,282	62,334,270	7,812,250	14,241,324	981,089	4,834,514	21,279,537	727

Footnotes at end of table

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country										Taxable income (less loss) before loss recapture			
	Gross income (less loss) excluding branch operations and specially allocable income							Deductions from oil and gas extraction income			Taxable income (less loss) before loss recapture			
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction income (less loss)	Deductions from other than oil and gas extraction income	Deductions from oil and gas extraction income	Deductions from other than oil and gas extraction income	Total	Foreign branch income	Specialty allocable income (Section 853(b))	Other than from branch operations and specially allocable income	
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	
All Industries, total	93,530,645	28,769,233	14,835,179	18,870,536	34,435,698	18,093,774	35,118,710	6,088,517	65,809,314	9,495,597	1,900,781	54,411,835		
All geographic areas, total	93,530,645	28,769,233	14,835,179	18,870,536	34,435,698	18,093,774	35,118,710	6,088,517	65,809,314	9,495,597	1,900,781	54,411,835		
Canada	13,446,196	4,275,093	3,618,591	1,741,155	3,795,357	3,162,214	4,060,050	440,164	10,508,330	515,851	604,332	4,887,235		
Latin America, total	11,896,988	2,567,420	925,428	5,427,483	2,776,655	1,071,883	6,799,751	730,473	6,053,384	1,077,113	79,035	1,618,390		
Brazil	3,130,819	856,004	458,976	1,623,371	192,439	57	1,512,429	568	1,977,202	341,865	16,947	1,618,390		
Ecuador	250,037	161,462	3,455	41,770	43,351	73,043	195,908	71,395	66,010	10,497	1,382	54,132		
Mexico	2,508,573	302,032	119,825	1,610,230	476,486	—	1,506,580	10	1,040,659	102,078	36,581	901,394		
Panama (including Canal Zone)	1,134,055	657,622	158,869	83,153	234,412	9,196	355,239	2,176	791,151	14,266	1,069	775,816		
Venezuela	546,533	70,486	41,881	301,533	132,633	—9,306	350,041	5,226	217,690	13,456	7,741	196,491		
Other Western Hemisphere, total	3,456,283	1,694,421	186,702	1,556,129	18,031	23,560	1,489,163	9,887	2,346,984	379,384	1,481	1,968,119		
The Bahamas	1,013,642	117,145	28,114	849,727	18,655	—	571,226	1,800	799,971	357,382	172	442,416		
Bermuda	752,978	583,382	24,286	186,116	—20,809	—	148,419	—	606,909	446	1,804	604,559		
Netherlands Antilles	1,277,261	1,008,662	133,924	135,241	—597	23,517	408,249	8,087	698,583	30,085	—515	669,013		
Europe, total	37,369,261	12,118,935	7,139,991	4,267,646	13,842,689	7,075,540	12,511,998	1,873,492	28,137,183	3,810,223	469,697	24,857,263		
Austria	514,460	249,003	104,010	25,758	136,689	69,269	89,844	—22	453,619	16,983	3,020	433,616		
Belgium	2,191,116	809,970	488,260	153,758	639,128	—	672,145	—	2,070,346	524,643	26,731	1,518,972		
Denmark	585,905	204,316	109,869	143,689	227,132	—	516,190	134,996	419,305	34,996	4,412	378,886		
France (including Andorra)	3,364,266	842,500	687,406	305,492	1,528,868	9,909	1,106,883	4,554	2,616,798	322,783	36,232	2,257,383		
Italy (including San Marino)	3,107,587	1,227,311	638,144	218,267	1,025,866	33	691,409	3,202	2,651,033	211,185	23,670	2,416,177		
Luxembourg	153,369	95,427	46,245	30,441	21,256	—	47,371	—	108,437	2,885	355	105,398		
Netherlands	2,460,402	811,572	460,678	123,268	1,064,884	784,176	630,630	90,975	2,035,199	170,462	34,965	1,829,772		
Norway	1,306,166	151,884	45,095	163,528	945,859	2,270,473	969,309	1,051,434	1,791,163	115,744	1,563	636,856		
Spain	920,193	310,514	156,235	90,164	360,220	60,421	516,190	72,017	516,370	105,112	7,255	404,004		
Sweden	595,559	158,852	145,499	56,737	234,410	—	188,768	80	423,410	9,596	7,027	406,787		
Switzerland	2,284,184	1,066,069	414,072	76,943	427,180	—	712,923	—	1,548,905	62,527	40,192	1,517,241		
United Kingdom	11,304,729	3,395,517	1,847,374	2,072,254	4,009,584	3,420,040	4,120,845	483,796	8,262,828	916,230	151,715	7,194,883		
West Germany	6,631,131	2,527,085	1,819,709	286,210	1,898,128	363,062	1,434,023	16,234	5,427,868	168,001	62,759	5,197,106		
Africa, total	3,409,915	626,437	226,166	210,258	2,347,053	2,747,743	1,501,862	793,202	2,745,252	826,959	10,341	1,907,952		
Liberia	62,251	44,732	1,605	9,503	6,411	—185	41,370	26,360	20,574	—307	1	20,880		
South Africa (including Namibia)	626,046	312,246	67,561	81,484	164,754	—	159,518	144	604,028	130,556	6,844	466,527		
Asia, total	13,933,105	2,840,334	2,142,884	2,199,237	6,750,630	2,766,353	5,732,328	1,211,033	10,353,639	1,952,983	200,067	8,300,588		
Hong Kong	639,886	250,185	37,392	172,853	178,867	—	361,289	—	590,275	107,424	14,245	378,606		
Indonesia	1,398,940	570,792	398,918	25,806	435,425	1,361,484	549,386	372,008	1,671,473	819,479	2,499	849,554		
Japan (including Okinawa and Ryukyus)	7,555,946	1,385,946	1,562,754	1,175,881	3,461,365	5,790	2,368,644	8,940	5,669,802	386,271	116,225	5,187,303		
Philippines	355,101	60,464	38,299	143,512	92,807	—	2,335	—	45,176	—	3,231	175,329		
Oceania, total	2,146,046	459,563	348,012	398,129	970,828	1,254,458	854,898	968,689	1,801,435	512,112	38,175	1,251,148		
Australia	1,893,059	404,158	300,815	316,078	872,206	1,254,462	792,918	965,136	1,641,662	506,955	34,766	1,100,141		
Puerto Rico and U.S. Possessions, total	2,134,193	612,062	38,004	181,165	1,323,022	107	1,919,717	47,027	587,724	165,412	187,836	314,478		
OECD countries, total (included above)	4,818,636	1,082,573	504,914	460,584	2,250,586	3,693,247	2,527,534	1,054,155	3,150,478	1,340,823	18,853	1,791,003		
Tax haven countries, total (included above)	11,689,722	5,168,214	1,435,828	2,566,981	2,444,849	885,129	2,895,427	131,079	8,820,560	1,076,494	124,741	7,677,324		

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends		Income and taxes from specific geographic area or country—Continued										Foreign taxes paid or accrued and deemed paid before reduction	
		Paid or accrued					Deemed paid						
		Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	Other taxes paid or accrued on	Branch income	Other income	Other taxes paid or accrued on		
		(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	
All Industries, total													
All geographic areas, total													
Canada													
Latin America, total													
Brazil													
Ecuador													
Panama (including Canal Zone)													
Venezuela													
Other Western Hemisphere, total													
The Bahamas													
Bermuda													
Netherlands Antilles													
Europe, total													
Austria													
Belgium													
Denmark													
France (including Andorra)													
Italy (including San Marino)													
Luxembourg													
Netherlands													
Norway													
Spain													
Sweden													
Switzerland													
United Kingdom													
West Germany													
Africa, total													
Liberia													
South Africa (including Namibia)													
Asia, total													
Hong Kong													
Indonesia													
Japan (including Okinawa and Ryukyu)													
Philippines													
Oceania, total													
Australia													
Puerto Rico and U.S. Possessions, total													
OECD countries, total (included above)													
Tax haven countries, total (included above)													
Footnotes at end of table													

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources								Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Agriculture, forestry and fishing												
All geographic areas, total	101	2,250,028	213,785	93,498	12,641	89,417	10,982	4,730	—	10,550	12,841	—
Canada	41	1,667,158	154,842	70,880	11,235	78,493	10,710	4,031	—	9,972	11,235	—
Latin America, total	5	2,079,384	202,937	89,967	12,481	77,054	9,175	2,831	—	578	12,461	—
Europe, total	10	2,075,357	204,215	90,542	12,449	77,027	9,184	2,831	—	552	12,449	—
Africa, total	50	894,575	149,157	67,517	4,193	32,100	1,608	2,132	—	552	4,193	—
Asia, total	6	1,799,101	180,926	83,024	12,393	87,272	9,107	2,831	—	552	12,393	—
OPEC countries, total	3	1,921,334	177,024	78,332	11,161	74,226	9,029	2,132	—	—	11,161	—
Tax haven countries, total	3	1,764,744	178,386	81,921	12,389	87,238	9,104	2,831	—	552	12,389	—
Mining, total												
All geographic areas, total	138	18,094,150	1,938,592	843,506	618,542	1,474,879	605,885	226,611	180,493	405,208	618,542	—
Canada	97	10,795,813	1,184,134	507,804	385,322	847,957	281,783	223,964	94,851	235,755	385,322	—
Latin America, total	21	5,805,098	482,705	198,781	185,358	442,228	15,959	219,037	30,135	23,338	185,358	—
Mexico	17	1,392,529	11,742	5,079	872	2,029	593	702	—	17	872	—
Venezuela	3	4,075,269	470,911	193,673	184,478	440,148	13,613	218,335	28,606	3,496	184,478	—
Other Western Hemisphere, total	4	8,831,215	801,771	345,869	336,257	769,361	246,237	221,689	93,950	196,458	336,257	—
Europe, total	34	12,583,734	1,424,774	619,073	478,378	1,097,584	414,557	221,162	148,005	287,473	478,378	—
Denmark	15	23,076	1,301	296	6	26	9	—	—	2,089	6	—
France (including Andorra)	3	1,046,576	108,768	48,521	3,157	9,099	1,068	—	—	—	3,157	—
Italy (including San Marino)	4	4,514,980	518,167	209,180	179,808	429,697	11,921	217,477	28,606	—	179,808	—
Netherlands	3	1,355,399	245,359	111,338	85,956	152,198	63,120	797	6,458	34,386	85,956	—
Norway	3	3,385,258	440,884	201,390	191,849	418,699	299,863	2,667	85,211	189,013	191,849	—
Spain	3	3,361,513	440,631	185,445	179,555	428,010	11,668	217,477	28,606	—	179,555	—
United Kingdom	9	6,986,300	723,713	307,906	232,032	555,485	94,240	218,315	52,253	17	232,032	—
West Germany	5	3,203,315	486,408	201,288	179,932	431,131	11,817	217,714	28,606	—	179,932	—
Africa, total	5	5,868,893	880,383	389,123	384,852	884,608	295,970	220,144	90,700	266,574	384,852	—
Asia, total	10	6,075,890	739,959	321,288	286,221	625,946	124,025	217,718	79,872	91,132	286,221	—
Indonesia	5	3,927,477	614,899	265,732	265,547	621,118	123,601	217,477	79,872	91,116	265,547	—
Japan (including Okinawa and Ryukyu)	5	1,727,104	98,330	42,245	36,057	86,307	38,515	237	27,729	61,985	36,057	—
Oceania, total	27	685,658	24,502	9,435	3,918	23,832	13,645	261	1,549	19,825	3,918	—
Australia	27	685,658	24,502	9,435	3,918	23,832	13,645	261	1,549	19,825	3,918	—
OPEC countries, total (included above)	8	5,889,667	787,718	328,689	270,595	635,051	125,887	219,338	79,872	84,612	270,595	—
Tax haven countries, total (included above)	11	5,828,589	1,128,888	482,838	437,845	1,004,290	347,482	222,888	126,138	252,812	437,845	—

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country											
	Gross income (less loss) excluding branch operations and specially allocable income					Oil and gas extraction income (less loss)			Taxable income (less loss) before loss recapture			
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction income (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income	Special allocable income (Section 853(b))	Other than from branch operations and specially allocable income
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Agriculture, forestry and fishing												
All geographic areas, total	531,190	42,128	4,730	5,182	479,152	—	440,843	—	89,417	-2,103	973	90,547
Canada	34,131	4,498	1,899	835	27,100	—	21,308	—	12,705	-119	—	12,823
Latin America, total	365,995	2,258	500	1,823	361,417	—	357,137	—	9,825	—	967	8,858
Europe, total	73,368	32,181	252	2,185	38,749	—	22,937	—	48,280	-1,149	—	50,429
Africa, total	2,299	509	273	30	1,487	—	857	—	1,641	—	—	1,641
Asia, total	28,572	1,433	840	219	23,054	—	20,825	—	4,848	189	—	4,747
OPEC countries, total	5,065	—	—	9	5,065	—	3,125	—	1,941	—	—	1,941
Tax haven countries, total	170,878	2,277	635	1,004	168,159	—	179,184	—	-9,032	—	56	-9,108
Mining, total												
All geographic areas, total	2,826,853	279,561	226,611	62,018	2,058,663	1,931,282	1,205,781	845,227	1,474,879	53,810	-24	1,421,093
Canada	28,084	814	2,962	12,214	12,274	24,530	11,782	19,509	91,237	74,955	—	16,282
Latin America, total	7,025	795	772	801	4,857	9,099	4,539	28,453	-14,862	-17,348	—	2,488
Mexico	2,993	684	702	—	1,626	—	1,594	—	1,399	—	—	1,399
Venezuela	450	131	70	—	—	—	13	—	423	-13	—	437
Other Western Hemisphere, total	33,524	5,468	1,875	1,869	24,512	23,517	9,124	8,087	24,400	1,984	-22	24,400
Europe, total	1,391,197	186,787	139,726	38,118	1,046,587	1,221,792	558,144	569,868	834,594	1,984	-22	833,053
Denmark	19	9	—	—	—	—	—	—	—	—	—	—
France (including Andorra)	9	—	—	—	—	—	—	—	—	—	—	—
Italy (including San Marino)	190	13	—	44	132	—	3	—	9	—	—	9
Netherlands	1,875	—	—	—	—	—	—	—	1,789	—	—	1,789
Norway	171,564	1,108	797	1,875	167,650	135,516	49,770	43,699	152,873	31,079	—	1,875
Spain	721,527	4,777	2,667	26,212	687,871	714,042	401,820	401,820	319,705	—	—	319,705
United Kingdom	863	—	—	—	—	—	—	—	-7,828	—	—	—
West Germany	481,720	180,463	138,063	921	185,171	376,097	101,938	114,999	359,443	-20,338	—	379,782
Africa, total	2,514	407	200	24	159	1,848	152	—	2,415	-26	-21	2,462
Asia, total	498,804	—	—	2,278	496,326	184,856	358,354	54,315	132,912	-7,338	—	140,250
Indonesia	548,985	105,528	81,414	1,395	358,648	484,197	148,793	153,318	397,693	501	-1	397,192
Japan (including Okinawa and Ryukyu)	542,740	104,198	81,414	1,380	355,789	464,543	147,119	136,215	393,409	-2,212	—	395,622
Oceania, total	115,398	312	62	5,344	109,681	3,272	107,687	11,878	8,586	1,076	-1	7,511
Australia	115,398	312	62	5,344	109,681	3,272	107,687	11,878	8,586	1,076	-1	7,511
OPEC countries, total (included above)	545,318	105,650	81,484	1,609	358,675	484,818	147,412	153,734	394,769	-13,138	—	391,631
Tax haven countries, total (included above)	205,999	8,577	2,471	3,688	193,063	189,030	59,768	—	177,384	31,131	—	146,253

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
 Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Table 1.—Total Assets, Income, Tax and Taxes were Paid—Continued								
[All figures are estimates based on samples—money amounts are in thousands of dollars]								
Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Total	Paid or accrued					Deemed paid	
		Total	Tax withheld at source on			Other taxes paid or accrued on		
			Dividends	Interest	Patents, royalties and license fees			Branch income	Other income
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Agriculture, forestry and fishing								
All geographic areas, total.....	15,891	10,982	1,268	136	1,785	71	7,701	4,730
Canada.....	4,023	2,124	875	95	881	—	473	1,899
Latin America, total.....	4,475	3,975	100	36	117	—	3,722	500
Europe, total.....	4,433	4,182	233	—	709	—	3,239	251
Asia, total.....	410	137	93	—	38	—	7	273
Africa, total.....	1,292	446	166	5	3	71	200	846
OPEC countries, total.....	8	5	—	—	—	—	8	—
Tax haven countries, total.....	1,095	459	98	—	78	—	283	635
Mining, total								
All geographic areas, total.....	832,496	605,685	50,957	1,326	203,836	62,730	287,037	226,811
Canada.....	68,109	65,147	22,606	884	849	40,845	183	2,962
Latin America, total.....	6,126	5,353	389	37	14	3,288	1,626	772
Europe, total.....	1,064	363	363	—	—	—	—	702
Asia, total.....	134	63	26	37	—	—	—	70
Africa, total.....	9,084	7,410	—	—	—	—	—	—
OPEC countries, total.....	8	5	—	—	—	—	—	—
Tax haven countries, total.....	1,095	459	98	—	78	—	283	635
Other Western Hemisphere, total.....								
Europe, total.....	480,031	340,305	13,708	401	201,518	12,699	111,979	139,728
Denmark.....	3	3	3	—	—	—	5	—
France (including Andorra).....	12	12	1	5	1	—	—	—
Italy (including San Marino).....	277	277	—	277	—	12,699	48,353	797
Netherlands.....	61,849	61,052	—	—	201,518	—	—	2,967
Norway.....	204,183	201,516	—	—	—	—	4	—
Spain.....	4	4	—	—	—	—	63,539	136,063
United Kingdom.....	213,307	77,244	13,704	71	—	—	77	200
West Germany.....	348	149	—	—	1,509	—	—	—
Africa, total.....	58,767	58,787	14,206	—	146	5,403	97,842	81,414
Asia, total.....	199,011	117,597	14,206	—	—	—	97,767	81,414
Indonesia.....	193,407	111,993	14,206	—	146	—	—	—
Japan (including Okinawa and Ryukyu).....	147	147	—	—	—	—	1	—
Oceania, total.....	11,388	11,306	48	4	—	495	10,759	62
Australia.....	11,368	11,306	48	4	—	495	10,759	62
OPEC countries, total (included above).....	193,853	112,389	14,232	37	—	12,768	98,099	81,484
Tax haven countries, total (included above).....	71,017	68,546	—	—	—	—	55,778	2,471

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Income and taxes from all sources									
		Total assets	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss from foreign sources before loss recapture)	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Foreign tax credit computed
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Oil and gas extraction											
All geographic areas, total	114	12,245,445	1,528,521	667,004	567,707	1,348,218	524,940	222,741	174,792	304,224	567,707
Canada	87	7,390,845	879,692	377,684	330,499	786,505	241,002	221,057	89,171	192,509	330,499
Latin America, total	19	4,235,843	472,264	193,978	184,492	440,225	15,375	218,335	30,135	23,321	184,492
Mexico	15	23,076	1,301	295	8	26	9	—	—	—	6
Venezuela	3	4,075,269	470,911	193,673	184,478	440,148	13,813	218,335	28,606	3,499	184,478
Other Western Hemisphere, total	4	6,831,215	801,771	345,869	338,257	766,391	248,237	221,889	93,950	196,458	338,257
Europe, total	27	8,465,280	1,145,871	502,191	474,932	1,087,538	413,362	220,940	148,005	287,458	474,932
Denmark	15	23,076	1,301	296	6	26	9	—	—	—	6
Netherlands	3	840,264	155,414	70,058	65,489	149,200	62,653	797	4,458	34,396	65,489
Norway	3	3,385,258	440,884	201,380	191,849	418,689	289,863	218,273	85,211	103,013	191,849
United Kingdom	6	4,929,075	611,398	257,863	231,407	551,025	93,864	217,477	53,253	—	231,407
West Germany	3	3,116,978	487,187	200,745	179,528	427,832	11,642	28,606	—	—	179,528
Africa, total	4	5,728,324	855,715	377,785	353,513	859,960	287,873	220,144	80,700	208,638	353,513
Asia, total	6	3,927,477	627,440	270,083	285,595	621,485	123,850	217,477	79,672	91,116	285,595
Oceania, total	18	286,670	14,120	4,740	146	4,502	2,215	—	1,529	19,825	146
Australia	18	286,670	14,120	4,740	146	4,502	2,215	—	1,529	19,825	146
OPEC countries, total	7	5,028,582	861,229	279,927	270,548	633,806	125,822	218,335	79,972	94,812	270,548
Tax haven countries, total	10	8,111,455	1,036,943	451,358	437,178	1,001,304	347,025	222,688	128,138	292,812	437,178
Construction											
All geographic areas, total	150	16,503,316	237,585	115,489	81,715	203,554	30,307	45,748	—	24,073	81,715
Canada	31	16,048,801	218,221	108,325	80,442	196,417	29,253	45,748	—	23,832	80,442
Latin America, total	9	12,319,510	180,143	81,252	67,940	181,685	27,714	35,284	—	15,616	67,940
Brazil	4	11,758,049	143,340	69,849	53,991	127,777	13,934	35,284	—	16,400	53,991
Mexico	4	11,552,109	132,625	60,952	49,509	117,574	13,518	31,287	—	16,400	49,509
Panama (including Canal Zone)	3	10,368,302	101,045	46,050	44,561	107,598	31,093	31,093	—	3,397	44,561
Venezuela	6	11,490,207	154,884	70,063	59,716	142,749	26,115	32,564	—	3,904	59,716
Other Western Hemisphere, total	7	14,951,113	170,466	87,329	72,959	178,670	28,413	42,958	—	10,777	72,959
Bermuda	3	2,442,992	40,491	18,108	5,364	11,994	2,991	1,151	—	5,192	5,364
Netherlands Antilles	3	12,109,031	98,673	55,772	54,456	138,314	12,245	41,808	—	5,565	54,456
Europe, total	106	14,036,342	181,705	91,384	77,773	191,843	27,885	45,468	—	18,616	77,773
Belgium	3	824,556	21,595	9,787	7,827	19,542	996	—	—	13,219	7,827
France (including Andorra)	3	12,464,135	109,807	60,907	52,156	130,130	13,141	36,612	—	5,585	52,156
Italy (including San Marino)	3	11,012,305	122,684	56,338	46,371	111,211	12,338	32,564	—	3,397	46,371
Netherlands	100	10,763,068	115,952	51,861	41,827	100,352	12,449	28,497	—	4,049	41,827
United Kingdom	4	11,868,241	151,786	73,384	62,532	145,205	26,581	31,287	—	16,409	62,532
West Germany	3	11,012,305	122,684	56,338	46,371	111,211	12,338	32,564	—	3,397	46,371
Africa, total	8	728,971	25,497	11,393	2,506	7,930	1,427	871	—	208	2,506
Asia, total	9	14,070,605	193,482	87,485	69,930	165,848	28,203	35,634	—	21,808	69,930
Oceania, total	4	12,587,533	131,524	60,414	44,403	108,510	13,538	28,777	—	8,589	44,403
Australia	4	12,587,533	131,524	60,414	44,403	108,510	13,538	28,777	—	8,589	44,403
Puerto Rico and U.S. possessions, total	9	11,181,322	123,790	58,764	52,185	124,503	12,892	34,463	—	16,430	52,185
OPEC countries, total (included above)	7	11,525,972	159,677	71,475	59,731	143,477	28,130	32,564	—	3,504	59,731
Tax haven countries, total (included above)	108	15,010,778	178,611	88,766	73,012	179,148	28,455	42,958	—	10,785	73,012

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country											
	Gross income (less loss) excluding branch operations and specialty allocable income					Deductions from oil and gas extraction gross income (less loss)			Taxable income (less loss) before loss recapture			
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specialty allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income	Specialty allocable income (Section 853(b))	Other than from branch operations and specialty allocable income
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Oil and gas extraction												
All geographic areas, total	2,147,458	276,721	222,741	45,947	1,602,048	1,931,282	778,303	845,227	1,348,218	-20,937	-	1,369,155
Canada	12,807	238	58	5,119	7,394	24,530	850	19,509	16,821	4,884	-	11,938
Latin America, total	4,049	147	70	801	3,031	9,099	2,945	28,453	-18,252	-17,458	-	1,104
Mexico	17	17	70	249	-	-	-	13	17	-	-	17
Venezuela	450	131	-	-	-	-	-	423	-	-13	-	437
Other Western Hemisphere, total	33,524	5,466	1,675	1,889	24,512	23,517	9,124	8,087	24,400	-	-	24,400
Europe, total	1,385,621	168,378	139,528	38,139	1,043,578	1,221,792	556,969	569,868	827,144	-1,508	-	828,652
Denmark	9	9	-	-	-	-	-	9	9	-	-	9
Netherlands	171,564	1,108	797	2,010	167,650	135,516	49,770	43,699	149,401	27,607	-	121,794
Norway	721,527	4,777	2,667	26,212	687,871	714,042	401,820	401,820	319,705	-	-	319,705
United Kingdom	480,579	160,463	136,053	24	194,029	375,087	100,919	114,999	359,522	-20,338	-	339,184
West Germany	62	10	-	52	-	-	-	30	37	-26	-	62
Africa, total	163,885	-	-	625	163,260	164,856	48,283	54,315	108,264	-7,338	-	115,602
Asia, total	544,018	104,206	81,414	1,395	357,001	484,197	148,454	153,318	398,063	501	-	398,562
Oceania, total	3,498	226	(1)	-	3,272	3,272	11,678	11,678	-8,180	-	-	-8,180
Australia	3,498	226	(1)	-	3,272	3,272	11,678	11,678	-8,180	-	-	-8,180
OPEC countries, total	543,871	104,328	81,484	1,609	358,449	484,516	147,177	147,141	383,555	-13,138	-	396,693
Tax haven countries, total	205,999	6,577	2,471	3,688	193,083	159,030	59,786	51,734	173,692	27,659	-	146,233
Construction												
All geographic areas, total	303,482	90,258	45,748	8,043	161,415	-	109,781	-	203,554	9,083	780	193,711
Canada	90,619	48,578	28,491	398	13,151	-	13,659	-	76,960	-	-	76,960
Latin America, total	47,082	2,082	1,191	815	42,975	-	11,888	-	35,378	-	-	35,378
Brazil	3,083	1,608	1,157	-	317	-	571	-	2,512	-	-	2,512
Mexico	1,473	349	3	-	1,120	-	167	-	1,305	-	-	1,305
Panama (including Canal Zone)	1,521	31	31	-	1,560	-	431	-	1,190	-	-	1,190
Venezuela	37,975	93	-	503	37,379	-	9,740	-	28,235	-	-	28,235
Other Western Hemisphere, total	10,773	6,599	1,243	2,420	510	-	1,075	-	9,698	-	-	9,698
Bermuda	1,331	821	-	-	510	-	1,050	-	281	-	-	281
Netherlands Antilles	9,191	5,624	1,243	2,324	-	-	1	-	9,190	-	-	9,190
Europe, total	68,740	28,178	13,898	-	26,665	-	20,035	-	55,152	6,447	-	48,705
Belgium	5,830	2,633	2,139	-	1,064	-	1,687	-	4,163	-	-	4,163
France (including Andorra)	30,240	18,724	10,077	-	1,439	-	32	-	30,208	-	-	30,208
Italy (including San Marino)	1,406	253	11	-	1,142	-	981	-	425	-	-	425
Netherlands	5,362	3,603	822	-	937	-	527	-	4,834	-	-	4,834
United Kingdom	2,248	154	56	-	2,043	-	195	-	8,500	6,447	-	2,054
West Germany	9,901	235	199	-	9,468	-	6,733	-	3,168	-	-	3,168
Africa, total	412	4	-	-	408	-	675	-	-263	-	-	-263
Asia, total	57,452	3,946	661	23	52,903	-	48,092	-	10,112	752	-	9,361
Oceania, total	6,974	328	280	155	6,211	-	329	-	8,516	1,871	-	6,645
Australia	6,974	328	280	155	6,211	-	329	-	8,516	1,871	-	6,645
Puerto Rico and U.S. possessions, total	8,958	100	65	-	8,794	-	4,853	-	4,305	-	-	4,305
OPEC countries, total (included above)	39,447	1,729	-	503	37,215	-	9,847	-	29,707	108	-	29,599
Tax haven countries, total (included above)	21,920	13,043	2,790	2,732	3,385	-	2,492	-	19,429	-	-	19,429

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued									
	Foreign taxes paid or accrued and deemed paid before reduction								Deemed paid	
	Paid or accrued								Deemed paid	
	Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	Other taxes paid or accrued on	Other income	Deemed paid	
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)		
Oil and gas extraction										
All geographic areas, total	747,681	524,940	50,553	854	203,888	21,785	248,060	222,741		
Canada	24,689	24,633	22,568	763	647	491	163	58		
Latin America, total	4,972	4,902	32	37	14	3,193	1,626	70		
Mexico	6	6	6	37	14	3,193	1,626	70		
Venezuela	134	63	26	37	-	-	-	-		
Other Western Hemisphere, total	9,084	7,410	-	-	-	-	-	-		
Denmark	479,402	339,875	13,708	53	201,518	12,899	111,898	139,528		
Netherlands	3	3	3	-	-	-	-	-		
Norway	61,849	61,052	3	-	-	-	-	-		
United Kingdom	204,183	201,516	-	-	-	-	-	-		
West Germany	213,307	77,244	13,704	-	201,516	12,899	48,353	138,063		
Africa, total	1	1	-	-	-	-	-	-		
Asia, total	30,870	30,870	-	-	-	-	-	-		
Oceania, total	198,826	117,412	14,206	-	1,508	-	29,161	81,414		
Australia	38	38	38	-	-	-	-	-		
OPEC countries, total	38	38	38	-	-	-	-	-		
Tax haven countries, total	193,814	112,339	14,232	37	-	-	98,060	81,484		
Footnotes at end of table.	71,017	68,540	-	-	-	-	55,778	2,471		
Construction										
All geographic areas, total	76,054	30,307	9,238	88	1,516	4,307	15,160	45,748		
Canada	36,585	8,093	8,746	39	549	-	759	28,491		
Latin America, total	15,074	12,883	600	-	178	-	13,105	1,191		
Brazil	1,569	411	402	-	-	-	-	1,157		
Mexico	364	361	192	-	-	-	-	3		
Panama (including Canal Zone)	519	498	-	-	-	-	-	-		
Venezuela	12,531	12,531	5	-	-	-	-	-		
Other Western Hemisphere, total	1,243	-	-	-	-	-	-	-		
Bermuda	-	-	-	-	-	-	-	-		
Netherlands Antilles	-	-	-	-	-	-	-	-		
Europe, total	18,832	4,734	1,689	-	161	2,684	-	1,243		
Belgium	2,334	395	-	-	-	-	-	-		
France (including Andorra)	10,777	395	-	-	-	-	-	-		
Italy (including San Marino)	67	69	627	-	-	-	-	-		
Netherlands	1,067	56	38	-	-	-	-	-		
United Kingdom	2,935	2,884	246	-	-	-	-	-		
West Germany	234	35	-	-	-	-	-	-		
Africa, total	1	1	-	-	-	-	-	-		
Asia, total	1,482	902	144	3	328	13	414	581		
Oceania, total	2,188	1,908	-	5	180	936	787	280		
Australia	2,188	1,908	-	5	180	936	787	280		
Puerto Rico and U.S. possessions, total	560	495	10	-	-	-	-	65		
OPEC countries, total (included above)	12,731	12,731	5	-	-	-	-	-		
Tax haven countries, total (included above)	3,547	787	269	-	200	-	12,526	488		
Footnotes at end of table.	-	-	-	-	-	-	-	-		

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

All figures are estimates based on samples—money amounts are in thousands of dollars												
Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Income and taxes from all sources										
		Total assets	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for certain foreign taxes	Reduction for international tax on foreign investments
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Manufacturing, total	1,580	1,652,503,476	82,070,235	34,937,733	18,092,585	48,826,782	5,813,358	12,989,791	851,526	4,044,541	18,094,634	721
All geographic areas, total	1,580	1,652,503,476	82,070,235	34,937,733	18,092,585	48,826,782	5,813,358	12,989,791	851,526	4,044,541	18,094,634	721
Canada	908	1,581,681,871	78,585,196	32,843,573	17,754,334	47,432,979	5,712,395	12,749,813	836,245	3,971,630	17,756,383	721
Latin America, total	488	1,539,688,877	71,892,718	30,556,541	17,690,556	47,456,673	5,726,589	12,674,156	851,360	3,981,371	17,692,605	721
Brazil	219	1,250,579,283	58,258,510	24,580,565	15,878,650	41,886,349	5,405,493	11,337,060	836,087	3,876,428	15,880,590	702
Colombia	88	993,331,369	44,506,828	19,028,151	13,743,345	35,053,864	4,926,343	9,557,100	813,765	3,516,531	13,745,234	582
Ecuador	358	1,458,903,456	67,377,118	28,722,808	17,309,304	46,112,361	5,624,015	12,391,050	836,242	3,914,135	17,311,949	717
Mexico	115	1,069,952,229	46,782,631	20,006,998	13,657,128	35,077,337	4,450,249	9,844,791	749,330	3,527,309	13,659,003	547
Panama (including Canal Zone)	166	1,224,756,139	55,522,447	23,912,354	15,709,253	41,830,258	5,311,290	11,055,947	836,087	3,760,510	15,711,297	716
Other Western Hemisphere, total	173	1,241,474,498	58,434,686	24,859,213	16,886,633	42,921,157	5,173,417	11,734,552	773,493	3,810,944	16,888,643	683
The Bahamas	63	858,681,445	35,182,596	15,362,037	11,973,221	32,324,205	3,763,415	8,704,852	730,429	3,435,487	11,974,888	339
Bermuda	110	1,058,394,431	48,291,691	20,591,739	14,314,151	36,965,683	4,617,041	10,497,700	773,491	3,412,669	14,316,153	674
Netherlands Antilles	90	1,045,159,717	47,224,026	20,177,821	14,549,051	38,592,181	4,513,940	10,925,947	730,285	3,604,230	14,550,597	210
Europe, total	721	1,581,601,839	75,589,180	32,188,941	17,998,011	48,366,291	5,762,514	12,940,915	851,622	4,016,451	17,998,060	721
Austria	122	896,118,294	45,047,963	19,438,708	13,933,430	37,698,305	4,195,696	10,306,300	673,692	3,453,060	13,935,304	547
Belgium	216	1,269,739,251	58,791,363	25,228,298	16,465,802	43,666,190	5,396,542	11,750,122	813,812	3,846,654	16,468,716	588
Denmark	116	1,087,790,544	49,489,522	21,508,793	15,038,868	40,032,755	5,049,222	10,587,417	807,993	3,743,130	15,040,879	688
France (including Andorra)	328	1,398,750,853	66,447,602	28,198,443	17,042,045	45,862,389	5,143,002	12,457,928	773,491	3,871,192	17,044,094	721
Italy (including San Marino)	263	1,290,512,653	59,988,477	25,359,338	16,746,853	44,553,031	5,374,091	12,072,690	851,201	3,884,339	16,748,777	586
Luxembourg	283	1,231,550,192	59,023,698	25,093,776	16,502,713	44,219,773	5,325,907	11,946,096	851,201	3,862,655	16,504,645	624
Netherlands	188	1,181,741,164	58,741,324	25,696,109	15,485,023	39,959,210	5,292,976	11,113,519	813,812	3,522,532	15,496,932	581
Norway	97	935,506,022	42,456,966	18,218,037	14,397,320	38,509,388	4,785,273	10,304,331	830,314	3,569,071	14,399,058	210
Spain	189	1,169,111,820	54,456,150	23,385,027	15,771,226	42,107,126	4,826,064	11,113,519	813,812	3,522,532	15,496,932	581
Sweden	207	1,297,568,504	59,915,209	25,250,807	16,502,713	44,219,773	5,325,907	11,946,096	851,201	3,862,655	16,504,645	624
Switzerland	463	1,457,284,445	69,466,641	29,647,865	17,674,623	47,398,481	5,676,389	12,702,633	851,622	3,974,833	17,676,673	721
United Kingdom	374	1,389,103,921	68,380,454	28,246,422	17,507,933	46,643,770	5,539,437	12,550,074	836,130	3,953,024	17,509,963	702
Africa, total	22	1,320,694,658	67,579,468	26,714,046	16,858,348	45,099,369	5,509,344	11,992,437	836,087	3,885,782	16,860,393	717
Liberia	22	665,697,392	23,835,148	10,397,752	8,559,445	22,277,147	3,450,986	6,170,817	794,268	2,099,676	8,560,775	2
South Africa (including Namibia)	280	1,197,045,803	58,095,958	24,107,017	15,933,854	42,327,782	4,856,180	11,550,231	736,059	3,789,875	15,935,668	716
Asia, total	761	1,557,390,794	74,709,590	31,805,918	17,834,380	47,997,302	5,740,195	12,787,808	851,361	4,005,223	17,836,429	721
Hong Kong	167	1,058,486,107	51,424,832	22,185,517	15,214,468	40,757,590	4,584,625	11,099,743	730,287	3,753,790	15,216,381	586
Indonesia	80	1,033,268,254	46,240,894	19,557,909	13,638,917	34,736,183	4,655,752	9,633,731	842,750	3,416,070	13,640,585	540
Japan	666	1,507,662,288	71,544,194	30,492,730	17,584,496	47,043,234	5,558,440	12,615,919	836,242	3,966,745	17,586,541	717
Japan (including Okinawa and Ryukyu)	143	1,028,074,239	54,558,757	21,296,018	15,491,277	40,172,858	5,183,217	10,663,105	836,083	3,757,421	15,493,172	566
Oceania, total	514	1,468,585,080	68,870,399	29,482,799	17,604,999	47,205,104	5,656,611	12,615,524	836,130	3,979,107	17,607,047	721
Australia	461	1,468,585,080	68,870,399	29,482,799	17,604,999	47,205,104	5,656,611	12,615,524	836,130	3,979,107	17,607,047	721
Puerto Rico and U.S. Possessions, total	208	1,297,415,917	67,599,569	28,225,838	17,544,401	47,020,176	5,645,398	12,569,602	836,130	3,963,409	17,546,426	698
OECD countries, total (included above)	222	1,312,655,442	60,650,174	25,761,409	16,505,882	44,031,513	5,510,189	11,890,655	851,201	3,824,232	16,507,931	721
Tax haven countries, total (included above)	440	1,318,064,182	71,578,812	30,583,220	17,712,262	47,549,652	5,709,192	12,715,062	851,203	3,962,091	17,714,311	721

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country										Taxable income (less loss) before loss recapture				
	Gross income (less loss) excluding branch operations and specially allocable income						Deductions from gross income (less loss)				Taxable income (less loss) before loss recapture				
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction operations and specially allocable income (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income	Specially allocable income (Section 86(b))	Other than from branch operations and specially allocable income			
(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)			
Manufacturing, total	59,317,598	22,226,131	12,989,791	2,384,414	21,737,262	15,884,903	17,156,327	5,123,119	48,808,782	4,871,810	1,775,902	42,161,271			
All geographic areas, total	59,317,598	22,226,131	12,989,791	2,384,414	21,737,262	15,884,903	17,156,327	5,123,119	48,808,782	4,871,810	1,775,902	42,161,271			
Canada	10,275,831	3,723,191	3,244,842	357,046	2,950,552	3,123,338	2,613,268	412,385	8,536,754	272,505	601,987	7,662,262			
Latin America, total	5,144,829	2,362,853	835,610	362,146	1,584,020	1,053,444	1,937,152	899,843	8,536,754	272,505	601,987	7,662,262			
Brazil	1,337,867	804,233	416,578	44,871	72,185	57	203,618	508	3,482,361	197,517	77,366	3,204,771			
Colombia	204,711	161,332	3,421	3,670	36,288	73,043	162,832	71,385	1,136,382	14,810	16,944	1,134,249			
Mexico	753,809	281,561	116,090	69,705	286,543	—	266,447	10	47,291	382	487,452	41,879			
Panama (including Canal Zone)	791,002	583,427	130,491	7,542	69,541	—	143	110,806	684,327	2,955	976	680,396			
Venezuela	165,585	84,366	38,457	16,621	46,121	—	9,306	5,213	99,012	12,123	7,735	69,155			
Other Western Hemisphere, total	1,358,971	1,058,042	116,387	149,816	34,026	43	274,022	1,800	1,089,975	2,549	7,517	1,084,890			
The Bahamas	174,282	78,496	20,885	60,923	13,978	—	40,541	1,800	1,679	1,749	172	133,741			
Bermuda	580,527	475,485	20,999	81,684	2,350	—	55,178	—	1,268	1,268	—	525,548			
Netherlands Antilles	561,739	500,494	74,957	820	2,497	—	109,602	—	414,386	508	601	413,277			
Europe, total	28,534,061	10,850,452	6,362,234	971,784	6,549,590	5,853,732	5,862,697	1,303,624	22,844,994	1,807,663	365,767	20,671,384			
Austria	457,245	238,908	96,719	1,261	120,359	69,269	54,995	—	10,383	5,113	3,020	402,250			
Belgium	1,878,259	834,417	443,299	26,423	568,121	197,381	517,814	—	1,488,893	11,717	26,731	1,380,445			
Denmark	502,921	196,861	104,105	4,474	187,381	95,788	163,449	—	339,998	359	1,339	339,998			
France (including Andorra)	2,730,172	791,450	648,539	58,641	1,231,532	9,909	715,783	—	134,996	21,291	28,791	1,380,445			
Italy (including San Marino)	1,870,777	801,949	408,124	40,398	620,318	30	369,588	—	2,077,851	27,273	369,199	2,014,279			
Luxembourg	65,844	33,760	35,341	(1)	16,742	—	12,330	—	3,126	66,872	23,238	1,501,189			
Netherlands	2,011,955	760,443	435,973	44,406	777,133	648,644	419,636	47,275	1,741,901	99,828	34,954	1,607,320			
Norway	536,176	146,706	42,363	114,579	232,498	1,556,432	239,896	649,514	1,450,534	1,512,744	7,011	296,979			
Sweden	680,567	296,604	149,672	3,896	163,150	50,242	191,659	—	503,086	6,927	488,908	7,251			
Switzerland	143,849	143,849	139,366	4,727	21,847	—	342,504	—	64,007	9,206	1,022	326,271			
United Kingdom	1,756,788	991,353	381,947	21,847	2,004,727	3,043,843	1,446,801	368,787	5,991,378	54,043	63,262	5,770,139			
West Germany	1,756,192	2,838,853	1,568,693	543,819	1,474,845	363,058	997,159	19,204	4,845,164	26,717	40,192	1,352,766			
France, total	6,752,942	2,381,993	1,825,603	70,502	1,474,845	363,058	997,159	19,204	4,845,164	26,717	40,192	1,352,766			
Africa, total	2,520,979	515,754	179,559	49,428	1,776,238	2,582,817	906,828	738,897	2,428,733	803,544	11,037	1,614,152			
Liberia	42,911	37,673	1,605	4,355	4,284	—	165	—	26,350	14,331	1,001	13,329			
South Africa (including Namibia)	456,491	251,587	1,605	4,355	4,284	—	165	—	26,350	14,331	1,001	13,329			
Asia, total	9,008,919	4,271,476	1,999,582	202,277	4,436,177	2,018,322	2,854,578	950,090	7,863,783	1,309,884	199,384	6,154,715			
Hong Kong	323,609	180,420	1,999,582	6,328	109,802	—	79,745	—	389,717	31,066	14,242	243,864			
Indonesia	812,850	467,715	285,305	6,328	61,169	890,848	1,069,917	229,541	1,234,348	138,068	4,451	443,933			
Japan (including Okinawa and Ryukyu)	1,347,000	1,220,484	1,425,589	119,162	2,565,974	5,790	4,630,350	8,940	4,603,350	188,375	114,029	4,289,871			
Philippines	53,000	70,647	35,727	3,721	36,176	2,325	41,820	13	123,285	14,251	3,064	105,970			
Oceania, total	38,084	38,084	311,670	71,959	579,361	1,251,187	469,711	956,912	1,327,659	41,270	38,017	878,373			
Australia	1,175,267	338,007	297,430	65,647	504,183	1,251,190	420,294	953,358	1,204,962	413,371	34,617	754,974			
Puerto Rico and U.S. Possessions, total	1,589,408	630,476	33,234	29,692	975,805	107	1,397,752	47,027	471,981	115,715	184,610	771,658			
EC countries, total (included above)	2,663,262	899,715	416,364	38,383	1,248,800	2,350,896	1,649,211	799,399	2,319,188	1,286,375	18,783	1,014,051			
Other countries, total (included above)	7,546,166	4,192,340	1,275,586	377,285	1,702,996	718,744	1,615,761	77,169	6,375,796	316,071	125,320	5,932,405			
Footnotes at end of table															

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Foreign taxes paid or accrued and deemed paid before reduction							
	Paid or accrued							
	Total	Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	Deemed paid
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Manufacturing, total								
All geographic areas, total	18,803,159	5,813,368	2,086,037	125,544	517,900	2,348,107	735,779	12,989,791
Canada	4,051,763	807,122	509,189	35,437	61,735	71,760	129,001	3,244,841
Latin America, total	1,787,180	981,570	553,324	31,205	64,169	164,789	148,084	835,810
Brazil	762,932	346,354	319,605	6,442	2,551	2,066	15,691	416,578
Ecuador	27,474	34,053	5,324	131	2,873	16,582	—	3,421
Mexico	392,292	276,202	152,373	14,698	30,110	56,025	22,897	116,000
Panama (including Canal Zone)	141,093	10,603	8,413	288	1,402	894	—	130,491
Venezuela	60,168	21,711	10,952	2,066	1,489	611	6,594	38,457
Other Western Hemisphere, total	122,060	5,073	1,045	3	8	3,409	608	116,887
The Bahamas	20,967	102	102	—	—	—	—	20,865
Bermuda	21,002	4	—	—	—	—	—	20,999
Netherlands Antilles	79,452	4,504	942	3	—	3,310	249	74,957
Europe, total	8,236,820	1,874,587	782,950	39,847	111,944	781,103	158,743	6,362,234
Austria	107,960	11,241	8,758	—	125	2,220	137	96,719
Belgium	508,193	58,894	48,157	2,224	454	6,600	1,168	449,299
Denmark	153,032	48,626	8,589	—	35	16,769	24,033	104,105
France (including Andorra)	733,548	85,109	37,116	444	32,688	5,094	9,765	648,539
Italy (including San Marino)	573,394	102,005	27,204	3,259	44,199	26,468	1,845	408,124
Luxembourg	37,332	1,991	1,991	—	—	—	—	35,341
Netherlands	527,685	91,712	37,238	216	74	17,485	36,699	435,373
Norway	573,394	530,991	529,299	29,690	2	442,000	—	42,393
Spain	237,073	87,401	51,684	243	22,197	6,774	6,504	149,672
Sweden	151,099	11,735	8,698	—	—	3,020	—	139,364
Switzerland	463,793	81,846	75,606	26	618	4,484	—	381,947
United Kingdom	2,031,194	462,500	172,839	511	1,243	216,900	71,009	1,568,893
West Germany	2,076,256	236,689	236,689	2,999	3,748	3,279	3,941	1,825,603
Africa, total	694,460	514,901	25,448	738	12,772	359,211	146,731	179,559
Libya	1,888	188	—	—	—	—	—	1,606
South Africa (including Namibia)	112,256	56,825	16,450	175	10,199	29,827	173	55,431
Asia, total	3,130,471	1,230,908	164,806	11,700	235,808	701,950	116,635	1,899,582
Hong Kong	33,202	6,152	65	716	453	4,410	507	27,050
Indonesia	709,126	423,821	2,085	164	1,814	416,453	3,304	285,305
Japan (including Okinawa and Ryukyu)	1,770,987	245,407	117,767	3,534	180,251	30,781	12,915	1,425,509
Philippines	60,351	25,124	9,413	192	4,757	6,524	2,138	35,227
Oceania, total	626,035	314,366	37,226	4,839	22,755	242,344	7,201	311,670
Australia	568,253	300,823	31,621	4,627	17,842	239,493	7,140	267,430
Puerto Rico and U.S. Possessions, total	125,428	82,194	10,728	1,037	4,743	49,470	26,216	53,234
OPEC countries, total (included above)	1,300,604	884,240	21,621	2,788	9,853	752,105	98,074	416,364
Tax haven countries, total (included above)	1,512,282	236,696	134,332	2,547	21,120	37,105	41,592	1,275,568

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources									
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss carryovers	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Foreign tax credit computed	
											Before reduction for international boycott operations	Reduction for international boycott operations
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Food and kindred products												
All geographic areas, total	86	96,839,554	5,569,464	2,397,551	762,593	2,029,615	246,198	560,589	—	34,182	762,710	116
Canada	44	85,947,731	4,746,412	2,056,426	706,779	1,641,068	231,497	529,738	—	17,311	706,895	116
Latin America, total	36	83,426,553	4,245,756	1,816,098	702,418	1,859,079	235,737	512,371	—	23,108	702,532	116
Brazil	11	56,901,068	2,948,420	1,264,825	601,726	1,572,404	203,388	444,732	—	14,929	601,902	116
Ecuador	6	31,239,361	1,672,112	694,790	413,535	1,098,014	169,381	298,663	—	—	413,535	116
Mexico	20	80,055,081	3,655,136	1,582,012	638,146	1,671,002	224,331	466,346	—	15,174	638,262	116
Panama (including Canal Zone)	19	21,915,072	2,627,247	1,118,912	580,019	1,531,167	217,844	411,744	—	9,948	580,019	116
Venezuela	10	41,055,223	2,502,143	1,071,233	556,475	1,482,567	207,397	395,101	—	6,413	556,591	116
Other Western Hemisphere, total	14	62,804,340	4,050,318	1,768,096	649,832	1,762,656	221,934	474,183	—	20,263	649,748	116
The Bahamas	6	32,200,911	2,085,078	899,146	482,053	1,237,478	186,594	324,214	—	8,201	482,053	116
Bermuda	6	38,455,491	2,350,617	1,016,003	545,611	1,434,055	195,004	396,325	—	12,062	545,727	116
Netherlands Antilles	10	47,298,158	3,250,190	1,405,111	556,326	1,422,461	207,970	385,632	—	8,201	556,529	116
Europe, total	30	92,143,324	5,120,145	2,204,792	750,283	1,995,015	233,699	560,044	—	33,174	750,400	116
Austria	6	27,348,329	1,306,449	559,381	479,726	1,295,376	182,627	340,763	—	8,646	479,726	116
Belgium	10	55,541,691	2,828,145	1,210,946	587,802	1,549,375	217,481	426,475	—	9,779	587,802	116
Denmark	13	48,318,549	3,285,218	1,426,189	572,823	1,526,037	207,317	405,211	—	19,800	572,823	116
France (including Andorra)	19	81,415,668	4,369,295	1,884,628	700,659	1,949,930	230,461	508,015	—	23,082	700,775	116
Italy (including San Marino)	12	61,220,287	2,726,561	1,144,633	585,443	1,561,747	215,071	434,509	—	8,323	585,443	116
Netherlands	14	62,699,208	3,559,607	1,339,363	596,663	1,511,526	206,167	410,326	—	14,003	596,663	116
Norway	8	38,102,790	1,872,536	806,652	559,213	1,447,741	200,026	383,166	—	14,003	559,213	116
Spain	10	43,589,729	2,582,298	1,126,754	524,517	1,409,103	201,683	364,549	—	12,425	524,517	116
Sweden	9	41,790,598	2,237,139	1,010,365	534,616	1,415,262	230,298	371,626	—	9,779	534,616	116
Switzerland	7	36,420,208	2,380,256	968,168	556,300	1,406,896	204,184	339,548	—	13,756	556,300	116
United Kingdom	22	84,333,703	4,465,724	1,928,061	721,803	1,899,485	207,353	379,259	—	29,538	721,803	116
West Germany	16	49,872,143	3,200,556	1,360,620	659,542	1,772,154	221,802	467,905	—	29,538	659,653	116
Africa, total	21	38,195,294	3,022,852	1,299,470	610,474	1,552,662	215,827	419,568	—	13,459	610,590	116
Asia, total	39	83,840,068	4,627,762	1,991,723	740,165	1,968,704	232,745	543,897	—	33,174	740,302	116
Hong Kong	9	38,636,768	2,172,814	933,514	540,934	1,396,555	203,654	389,262	—	8,032	540,934	116
Indonesia	5	25,669,483	1,785,458	759,099	460,291	1,189,338	177,809	311,539	—	6,454	685,133	116
Japan (including Okinawa and Ryukyu)	31	67,031,912	4,321,448	1,816,349	685,017	1,629,665	225,342	496,849	—	31,138	685,133	116
Philippines	15	46,549,923	2,806,159	1,196,396	562,205	1,455,762	209,716	385,371	—	10,089	562,205	116
Oceania, total	32	64,578,646	4,023,639	1,737,987	709,494	1,885,569	230,187	521,863	—	33,221	709,610	116
Puerto Rico and U.S. Possessions, total	30	72,396,267	3,819,682	1,655,268	620,726	1,600,470	222,397	436,973	—	11,837	620,726	116
OPEC countries, total (included above)	14	45,744,769	2,881,379	1,225,921	584,018	1,550,378	213,161	416,437	—	10,337	584,134	116
Tax haven countries, total (included above)	23	73,155,828	4,590,184	1,996,840	873,988	1,778,845	229,309	490,110	—	22,507	874,104	116

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country										Taxable income (less loss) before later recapture			
	Gross income (less loss) excluding branch operations and specially allocable income							Deductions other than from branch operations and specially allocable income			Taxable income (less loss) before later recapture			
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income		Total	Foreign branch income	Specially allocable income (Section 853(b))	Other than from branch operations and specially allocable income	
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)		(21)	(22)	(23)	(24)	
Food and kindred products														
All geographic areas, total	2,185,316	853,557	560,589	145,544	595,626	—	342,980	—		2,029,815	202,041	15,349	1,812,325	
Canada	159,997	45,060	34,749	19,440	59,848	—	29,182	—		132,857	221	1,822	130,814	
Latin America, total	319,884	223,118	47,081	15,896	33,768	—	62,104	—		318,214	59,813	822	257,799	
Brazil	67,412	51,641	18,390	2,007	4,516	—	6,654	—		63,828	3,080	(1)	60,748	
Ecuador	10,998	9,844	1,573	—	3,581	—	—	—		7,045	—	—	7,149	
Mexico	56,337	21,306	8,878	1,826	24,328	—	24,681	—		55,897	23,822	31	31,556	
Panama (including Canal Zone)	20,634	21,431	1,336	210	2,243	—	3,901	—		17,815	1,052	—	16,732	
Venezuela	18,642	8,105	5,113	2,611	2,612	—	3,523	—		17,049	1,837	93	15,119	
Other Western Hemisphere, total	82,304	57,217	20,716	3,592	680	—	2,187	—		81,868	—	10	80,118	
The Bahamas	3,258	—	—	3,131	127	—	285	—		2,994	—	—	2,972	
Bermuda	48,672	44,523	3,078	561	511	—	852	—		49,329	—	3	47,820	
Netherlands Antilles	30,372	12,693	17,639	—	40	—	1,040	—		29,335	5	7	29,324	
Europe, total	898,520	320,897	257,720	75,104	244,798	—	161,995	—		785,164	47,465	1,174	736,525	
Austria	9,819	4,988	3,118	499	1,217	—	3,012	—		6,810	2	—	6,808	
Belgium	39,248	8,757	4,817	5,192	22,480	—	11,535	—		30,901	2,934	254	27,712	
Denmark	27,004	10,610	11,289	740	4,389	—	5,898	—		21,043	—	—	21,056	
France (including Andorra)	67,708	12,110	9,847	10,614	35,137	—	18,930	—		49,402	113	513	48,778	
Italy (including San Marino)	89,455	43,620	18,620	21,074	6,141	—	13,168	—		103,495	27,207	2	76,286	
Netherlands	47,944	19,208	20,295	5,436	3,004	—	4,317	—		47,587	4,259	101	43,627	
Norway	2,380	321	137	852	670	—	1,702	—		1,678	—	—	1,702	
Spain	41,244	24,229	11,469	97	5,450	—	3,744	—		37,458	—	—	37,500	
Sweden	15,841	4,701	4,611	479	4,647	—	4,647	—		11,193	—	—	11,196	
Switzerland	39,519	22,943	8,703	537	7,135	—	8,319	—		29,170	—	—	30,889	
United Kingdom	248,882	90,091	68,371	18,321	72,100	—	53,254	—		196,985	1,009	357	195,619	
West Germany	233,526	73,963	93,076	8,162	58,325	—	27,515	—		206,385	10	464	205,911	
Africa, total	48,018	23,342	12,753	1,873	8,250	—	7,071	—		41,719	78,396	7	38,947	
Asia, total	517,731	164,020	182,598	2,373	188,743	—	38,049	—		472,112	—	1,839	479,682	
Hong Kong	5,281	932	226	(1)	4,122	—	3,756	—		1,532	6	2	1,525	
Indonesia	400	140	83	—	177	—	92	—		312	2	4	307	
Japan (including Okinawa and Ryukyu)	489,844	141,127	168,877	1,822	158,019	—	25,040	—		423,735	—	21,748	444,803	
Philippines	13,018	7,084	3,589	226	2,121	—	2,869	—		20,871	9,765	957	10,149	
Oceania, total	88,625	13,829	4,437	19,186	51,171	—	25,722	—		67,883	4,843	136	62,904	
Puerto Rico and U.S. Possessions, total	16,310	2,309	533	412	13,056	—	7,131	—		12,413	23,134	101	9,179	
OPEC countries, total (included above)	30,106	14,083	6,769	2,612	6,656	—	7,527	—		24,435	1,735	121	22,579	
Tax haven countries, total (included above)	302,365	217,228	87,073	12,409	15,655	—	33,752	—		274,302	4,398	1,272	268,633	

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued										Foreign taxes paid or accrued and deemed paid before reduction			
	Paid or accrued							Deemed paid			Tax withheld at source on			
	Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	Deemed paid	Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	Deemed paid
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(25)	(26)	(27)	(28)	(29)	(30)
Food and kindred products														
All geographic areas, total	806,786	248,198	87,712	9,538	22,385	—	—	—	—	—	—	—	—	—
Canada	45,118	10,369	4,640	2,444	2,642	—	—	—	—	—	—	—	—	—
Latin America, total	149,457	102,378	40,271	1,884	5,643	—	—	—	—	—	—	—	—	—
Brazil	42,589	24,189	22,316	576	434	—	—	—	—	—	—	—	—	—
Ecuador	2,700	1,127	—	—	—	—	—	—	—	—	—	—	—	—
Mexico	51,483	42,606	11,942	186	1,127	—	—	—	—	—	—	—	—	—
Panama (including Canal Zone)	2,197	891	81	30	1,701	—	—	—	—	—	—	—	—	—
Venezuela	7,456	2,343	936	447	195	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total	20,716	—	—	—	—	—	—	—	—	—	—	—	—	—
The Bahamas	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bermuda	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Netherlands Antilles	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Europe, total	307,375	49,655	23,674	2,895	3,240	—	—	—	—	—	—	—	—	—
Austria	3,365	249	249	—	—	—	—	—	—	—	—	—	—	—
Belgium	10,188	5,971	1,002	799	—	—	—	—	—	—	—	—	—	—
Denmark	11,581	530	—	—	—	—	—	—	—	—	—	—	—	—
France (including Andorra)	34,135	1,735	606	—	—	—	—	—	—	—	—	—	—	—
Italy (including San Marino)	21,960	15,514	1,208	50	488	—	—	—	—	—	—	—	—	—
Netherlands	168	29	28	—	1,568	—	—	—	—	—	—	—	—	—
Norway	16,676	5,207	28	—	10,563	—	—	—	—	—	—	—	—	—
Sweden	5,083	272	3,825	33	2	—	—	—	—	—	—	—	—	—
Switzerland	9,599	897	897	—	633	—	—	—	—	—	—	—	—	—
United Kingdom	73,088	4,718	3,853	6	3	—	—	—	—	—	—	—	—	—
West Germany	103,456	10,380	10,185	—	15	—	—	—	—	—	—	—	—	—
Africa, total	40,058	27,308	1,640	7	310	—	—	—	—	—	—	—	—	—
Asia, total	215,765	33,170	15,588	94	8,012	—	—	—	—	—	—	—	—	—
Hong Kong	256	30	—	—	—	—	—	—	—	—	—	—	—	—
Indonesia	132	49	28	—	26	—	—	—	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu)	189,438	20,581	12,235	83	7,289	—	—	—	—	—	—	—	—	—
Philippines	11,610	8,023	1,052	—	397	—	—	—	—	—	—	—	—	—
Oceania, total	14,849	10,112	1,292	—	1,825	—	—	—	—	—	—	—	—	—
Puerto Rico and U.S. Possessions, total	12,997	12,463	456	—	550	—	—	—	—	—	—	—	—	—
OPEC countries, total (included above)	10,298	3,529	864	447	1,385	—	—	—	—	—	—	—	—	—
Tax haven countries, total (included above)	61,728	4,855	2,108	47	393	—	—	—	—	—	—	—	—	—

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources								Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Chemicals and allied products												
All geographic areas, total	184	212,359,180	15,392,062	8,201,505	3,070,633	7,744,091	825,738	2,197,589	22,178	262,054	3,070,645	212
Canada	138	204,817,564	14,938,268	5,995,401	3,034,988	7,853,447	820,106	2,169,081	22,178	250,883	3,035,200	212
Latin America, total	107	203,478,180	14,549,599	5,818,787	3,015,082	7,800,861	817,702	2,153,311	22,178	253,434	3,015,294	212
Brazil	59	158,183,291	12,285,150	4,837,078	2,677,596	6,776,101	750,812	1,855,978	22,178	235,555	2,677,808	212
Ecuador	30	98,151,042	8,974,375	3,583,992	2,126,976	5,243,576	607,463	1,433,142	22,172	207,241	2,127,184	208
Mexico	78	191,149,215	13,978,975	5,571,222	2,927,518	7,353,769	799,017	2,082,661	22,172	234,345	2,927,726	208
Panama (including Canal Zone)	29	62,497,106	8,039,998	3,377,835	2,082,636	5,005,277	585,738	1,454,755	19,501	223,083	2,082,644	208
Venezuela	57	151,332,740	11,196,746	4,492,206	2,487,763	6,265,736	714,706	1,700,033	22,178	208,694	2,487,971	208
Other Western Hemisphere, total	48	187,342,477	12,908,453	5,091,793	2,817,617	7,088,135	759,520	2,004,405	22,178	231,793	2,817,825	208
The Bahamas	15	72,863,678	3,389,541	1,479,870	578,733	1,617,559	157,748	445,194	(1)	3,418	578,733	—
Bermuda	33	136,219,088	9,827,492	4,041,438	2,416,831	5,826,120	684,278	1,705,155	22,178	207,181	2,417,039	208
Netherlands Antilles	24	128,310,135	9,469,244	3,851,337	2,191,121	5,501,959	612,238	1,477,603	22,172	212,872	2,191,329	208
Europe, total	126	208,589,600	15,033,985	8,038,554	3,064,485	7,723,536	824,812	2,192,523	22,178	261,843	3,064,697	212
Austria	32	133,709,672	10,762,213	4,322,308	2,310,383	5,851,916	644,090	1,666,158	19,497	81,221	2,310,591	208
Belgium	58	175,864,951	12,879,871	5,113,833	2,729,847	6,858,913	731,217	1,942,569	22,176	235,950	2,730,055	208
Denmark	25	103,256,719	8,137,791	3,383,040	1,853,586	4,795,773	563,270	1,321,156	22,172	201,552	1,853,794	208
France (including Andorra)	73	185,157,268	13,820,529	5,538,904	2,972,884	7,481,692	798,677	2,118,294	22,178	241,244	2,973,197	212
Italy (including San Marino)	62	177,577,034	13,576,066	5,394,254	2,900,982	7,287,951	778,082	2,075,584	22,178	228,711	2,901,190	208
Luxembourg	7	35,008,789	3,477,465	1,455,141	1,274,852	2,918,024	373,872	800,199	19,497	199,755	1,275,061	208
Netherlands	61	173,140,235	12,477,600	4,887,626	2,767,619	6,907,403	749,075	1,937,203	22,178	231,856	2,767,831	212
Norway	22	110,680,625	7,609,219	2,977,320	1,948,506	4,928,832	525,694	1,399,057	22,175	71,900	1,949,804	208
Spain	50	167,084,776	12,586,396	4,900,465	2,612,154	6,617,350	747,133	1,689,165	22,176	95,276	2,612,362	208
Sweden	40	152,230,379	11,434,226	4,531,930	2,529,445	6,334,716	696,892	1,760,521	22,172	211,862	2,529,653	208
Switzerland	40	173,872,332	13,038,852	5,140,793	2,755,764	6,927,938	748,919	1,935,059	22,176	235,604	2,755,912	208
United Kingdom	87	196,036,701	14,333,735	5,729,990	3,008,454	7,581,951	806,539	2,143,873	22,176	250,623	3,008,656	212
West Germany	78	188,889,805	14,131,749	5,635,778	3,010,476	7,567,129	803,808	2,154,886	22,176	264,384	3,010,684	208
Africa, total	69	183,358,652	13,169,884	5,237,485	2,803,530	7,010,627	746,324	1,994,808	22,178	228,135	2,803,738	208
Liberia	3	8,894,723	515,405	176,385	121,774	301,172	27,250	97,188	2,675	121,774	121,774	—
South Africa (including Namibia)	65	176,454,947	12,551,740	4,859,950	2,640,220	6,615,917	709,542	1,867,280	22,178	224,886	2,640,408	208
Asia, total	119	204,270,190	14,915,571	5,992,561	3,042,609	7,811,157	821,052	2,173,448	22,178	261,157	3,042,821	212
Hong Kong	44	153,860,773	11,244,807	4,523,344	2,554,877	6,422,643	713,020	1,782,797	22,176	222,690	2,555,085	208
Indonesia	30	118,266,351	8,605,010	3,436,907	1,866,101	4,656,787	549,270	1,277,881	19,497	144,460	1,866,105	4
Japan (including Okinawa and Ryukyu)	107	194,575,634	14,581,479	5,841,852	3,012,410	7,598,531	910,021	2,153,428	22,178	251,132	3,012,618	208
Philippines	42	155,346,723	11,905,161	4,855,458	2,653,283	6,675,370	740,083	1,837,763	22,172	218,605	2,653,471	208
Oceania, total	93	195,588,154	14,280,360	5,703,383	3,002,987	7,573,276	804,585	2,144,097	22,176	253,037	3,003,199	212
Australia	87	191,144,429	14,244,269	5,687,870	2,994,609	7,551,011	803,595	2,139,174	22,176	247,133	2,994,871	208
Puerto Rico and U.S. Possessions, total	50	184,833,273	12,294,343	4,809,250	2,634,357	6,838,871	735,207	1,820,144	22,172	225,586	2,634,576	208
OECD countries, total (included above)	72	172,330,031	12,110,327	4,879,991	2,635,628	6,863,184	755,420	1,810,556	22,178	212,238	2,635,840	212
Tax haven countries, total (included above)	92	200,424,782	14,485,573	5,780,483	3,030,082	7,625,944	814,666	2,163,881	22,178	249,924	3,030,294	212

Footnotes at end of table

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Gross income (less loss) including branch operations and specially allocable income					Income and taxes from specific geographic area or country							
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Taxable income (less loss) before loss recapture			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Chemicals and allied products													
All geographic areas, total	10,187,367	4,297,233	2,197,589	315,514	3,377,030	1,053,885	3,297,112	23,404	7,744,091	590,224	263,612	6,890,255	
Canada	1,126,377	451,851	322,004	74,022	278,700	9,833	238,018	889	939,148	39,919	11,689	888,559	
Latin America, total	917,489	487,084	183,050	45,615	201,740	—	240,503	—	780,441	66,444	17,011	878,988	
Brazil	209,265	135,930	51,998	8,999	3,680	—	28,732	—	187,040	483	6,024	180,533	
Ecuador	7,382	3,169	285	230	10,668	—	3,280	—	58,239	—	—	52,959	
Mexico	219,889	106,324	26,732	6,165	8,858	—	78,634	—	188,343	44,434	206	4,111	
Panama (including Canal Zone)	282,087	160,331	74,021	554	1,065	—	57,319	—	225,649	773	107	141,255	
Venezuela	43,823	21,865	11,104	1,065	8,858	—	16,171	—	30,519	—	1,284	22,768	
Other Western Hemisphere, total	239,244	208,775	17,246	10,315	4,909	—	35,584	—	200,446	—	3,280	203,651	
The Bahamas	16,782	11,855	18	2,602	2,308	—	3,668	—	102,320	25	19	13,113	
Bermuda	124,241	109,692	7,264	6,261	1,024	—	21,937	—	85,320	—	—	102,244	
Netherlands Antilles	94,922	84,630	9,818	46	427	—	9,604	—	65,320	2	5	65,318	
Europe, total	4,758,597	1,898,989	1,261,112	116,643	1,481,673	902,057	915,799	15,438	4,207,712	313,494	51,419	3,842,799	
Austria	19,294	7,280	6,769	13,679	4,805	—	5,262	—	15,151	—	427	14,023	
Belgium	338,554	138,118	94,388	13,679	5,808	—	71,840	—	268,149	—	6,305	266,713	
Denmark	7,049	1,205	36	8,999	3,680	—	752	—	58,239	—	—	52,959	
France (including Andorra)	219,794	202,666	194,845	10,999	403,746	—	230,890	—	176,874	—	6,781	171,436	
Luxembourg	812,166	20,306	25,618	5,719	12,282	—	48,355	—	176,874	—	7,797	171,436	
Netherlands	51,082	20,306	25,618	1,065	8,858	—	12,282	—	287,090	28,121	5,136	235,892	
Norway	282,295	97,118	44,797	1,065	8,858	—	16,171	—	1,124,794	4,425	35,110	1,130,302	
Spain	2,561	1,171	607	463	2,109	—	29,025	—	546,127	—	842	537,343	
Sweden	42,935	18,615	4,572	1,065	8,858	—	12,282	—	1,124,794	—	362	1,124,794	
Switzerland	23,724	4,572	6,073	463	2,109	—	29,025	—	1,124,794	—	362	1,124,794	
United Kingdom	874,535	582,331	238,003	10,999	13,848	—	16,171	—	1,124,794	—	362	1,124,794	
West Germany	1,290,044	516,422	338,534	36,715	378,372	—	578,401	—	1,124,794	—	362	1,124,794	
Africa, total	134,944	61,402	27,474	2,786	63,302	34,378	51,050	5,138	118,768	30,042	8,830	83,894	
Liberia	62,461	21,517	—	439	25,119	—	694	—	—	—	—	—	
South Africa (including Namibia)	439	—	—	1,581	20,185	—	108,580	—	—	—	—	—	
Asia, total	1,093,815	357,553	324,795	20,185	391,281	—	303,684	1,963	931,529	108,484	32,934	790,131	
Hong Kong	82,918	57,554	3,512	3,365	13,487	—	214,923	—	71,211	—	4,371	66,412	
Indonesia	11,273	6,064	3,512	3,365	13,487	—	214,923	—	—	—	1,245	3,735	
Japan (including Okinawa and Ryukyu)	752,266	207,285	275,557	12,790	256,630	—	11,911	—	529,540	—	19,671	537,343	
Philippines	59,303	32,678	18,095	24	256,630	—	11,911	—	49,898	—	362	49,536	
Oceania, total	179,772	52,588	44,065	7,379	73,940	—	42,056	—	144,098	2,145	5,831	137,718	
United States Possessions, total	182,953	49,407	41,909	7,075	64,562	—	37,404	—	217,979	—	6,789	125,549	
Other U.S. Possessions, total	1,247,806	453,014	17,718	8,208	768,667	—	1,192,707	—	217,979	—	566	1,247,806	
Other countries, total (included above)	118,836	32,759	16,417	3,124	67,338	160,540	67,822	7,099	218,151	157,278	18,941	52,014	
Grand total (included above)	1,681,796	1,120,652	419,535	50,778	285,202	29,025	341,105	495	1,591,708	23,502	8,695	1,540,612	

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Foreign taxes paid or accrued and deemed paid before reduction							
	Total	Paid or accrued				Other taxes paid or accrued on		Deemed paid
		Tax withheld at source on				Branch income	Other income	
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Chemicals and allied products								
All geographic areas, total	3,023,325	825,736	364,679	19,893	90,271	311,928	38,967	2,197,569
Canada	415,141	93,136	50,933	9,529	15,459	11,461	5,755	322,004
Latin America, total	389,379	186,330	112,419	3,485	16,163	41,627	12,615	183,050
Brazil	89,965	37,967	32,854	887	340	—	3,886	51,998
Ecuador	1,311	1,086	577	1,165	7,555	271	7,246	26,732
Panama (including Canal Zone)	121,380	94,648	58,734	(1)	397	370	164	74,621
Mexico	82,026	7,404	6,473	305	159	7	663	11,194
Venezuela	16,091	4,897	3,764	—	—	—	—	17,246
Other Western Hemisphere, total	17,561	315	124	3	—	—	—	18
The Bahamas	18	—	—	—	—	—	—	7,264
Bermuda	7,264	315	124	3	—	—	—	9,618
Netherlands Antilles	10,133	—	—	—	—	—	—	1,261,112
Europe, total	1,593,093	331,581	157,581	2,345	15,357	146,163	10,534	6,769
Austria	7,429	670	663	—	296	638	151	94,386
Belgium	110,889	16,502	14,358	1,059	10	773	—	36
Denmark	881	845	—	—	6,287	326	6,385	194,845
France (including Andorra)	217,896	23,061	10,006	47	5,889	29	133	58,652
Italy (including San Marino)	69,544	10,892	4,049	773	—	—	—	25,510
Luxembourg	27,036	1,519	1,519	—	22	965	—	171
Netherlands	53,076	8,279	7,353	—	—	135,731	—	6,073
Norway	135,943	135,771	40	—	1,519	530	1,227	236,603
Sweden	13,359	7,223	3,905	105	—	—	—	4,966
Switzerland	5,179	223	—	—	—	1,046	—	358,534
United Kingdom	289,013	52,409	51,361	95	268	2,077	2,074	22,873
West Germany	391,828	33,295	28,761	201	106	802	—	27,474
Africa, total	257,913	36,075	34,652	—	—	—	—	14,234
Liberia	61,589	34,115	4,140	64	2,813	26,314	783	324,795
South Africa (including Namibia)	—	—	—	35	1,501	—	—	8,512
Asia, total	17,947	3,713	2,110	—	—	—	—	7,072,355
Hong Kong	462,139	137,344	28,956	3,500	33,962	64,183	6,740	6,987,633
Indonesia	9,395	883	65	647	104	66	—	275,557
Japan (including Okinawa and Ryukyu)	7,337	8,800	1,094	1,899	1,046	1,738	—	18,095
Philippines	255,942,563	16,174,388	12,552	1,510	906	24	—	44,065
Oceania, total	23,620	5,725	3,275	—	—	—	—	41,909
Australia	56,463	12,398	8,229	545	5,205	18	—	17,718
Puerto Rico and U.S. Possessions, total	44,717	11,266	5,983	522	4,364	—	—	16,417
OEPEC countries, total (included above)	107,943	91,526	5,844	410	791	20,231	1,318	419,535
Tax haven countries, total (included above)	493,474	73,939	67,624	1,122	1,878	3,038	479	—

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Income and taxes from all sources									
		Total assets	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss from foreign sources before loss recapture)	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Foreign tax credits computed
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Petroleum (including integrated) and coal products											
All geographic areas, total	15	311,401,958	18,188,438	7,739,022	7,071,083	16,000,128	2,903,559	4,177,618	829,025	3,129,161	7,072,410
Canada	10	308,322,541	17,541,852	7,530,014	7,011,552	15,583,541	2,880,766	4,126,730	813,911	3,122,059	7,012,880
Latin America, total	12	310,267,882	18,128,710	7,715,757	7,071,028	15,999,980	2,903,558	4,177,587	829,025	3,128,691	7,072,355
Brazil	8	306,327,564	17,447,727	7,491,202	7,004,098	15,561,898	2,880,199	4,125,072	813,911	3,111,529	7,005,426
Ecuador	7	283,939,652	16,675,565	7,243,568	6,996,305	15,491,984	2,859,314	4,113,147	791,593	3,111,529	6,987,633
Panama (including Canal Zone)	6	255,942,563	16,174,388	6,925,055	6,544,303	14,550,584	2,346,116	4,066,865	730,429	3,057,525	6,545,631
Venezuela	9	307,678,363	17,534,816	7,536,787	7,011,548	15,983,507	2,880,762	4,126,730	813,911	3,122,059	7,012,876
Other Western Hemisphere, total	9	264,171,988	16,632,504	7,122,440	6,531,076	14,782,058	2,396,753	4,126,929	751,316	3,062,159	6,832,403
The Bahamas	6	255,942,563	16,174,388	6,925,055	6,544,303	14,550,584	2,346,116	4,066,865	730,429	3,057,525	6,545,631
Netherlands Antilles	5	233,554,651	15,402,226	6,677,422	6,526,509	14,480,670	2,325,230	4,054,940	708,111	3,050,225	6,527,837
Europe, total	11	309,602,841	18,085,668	7,696,213	7,070,953	15,999,817	2,903,468	4,177,587	829,025	3,128,691	7,072,281
Austria	6	179,940,501	14,497,059	6,251,970	5,992,416	13,223,265	2,122,042	3,669,118	654,105	3,051,135	5,993,744
Belgium	7	283,939,652	16,675,565	7,243,568	6,996,305	15,491,984	2,859,314	4,113,147	791,593	3,111,529	6,987,633
Denmark	7	278,985,504	16,855,390	7,251,095	6,966,397	16,098,429	2,829,945	4,111,597	785,621	3,116,757	6,967,715
Luxembourg	3	138,871,871	5,433,234	2,333,666	2,274,435	5,114,214	1,019,142	1,589,227	317,489	63,624	2,274,435
Netherlands	11	300,602,841	18,085,668	7,696,213	7,070,953	15,999,817	2,903,468	4,177,587	829,025	3,128,691	7,072,281
Norway	7	300,388,236	17,209,813	7,381,761	6,977,235	15,493,610	2,859,314	4,113,147	791,593	3,111,529	6,987,633
Sweden	6	283,939,652	16,675,565	7,243,568	6,996,305	15,491,984	2,859,314	4,113,147	791,593	3,111,529	6,987,633
Switzerland	6	239,493,978	15,640,140	6,786,802	6,553,373	14,540,959	2,354,912	4,066,489	731,884	3,051,630	6,554,701
United Kingdom	7	283,939,652	16,675,565	7,243,568	6,996,305	15,491,984	2,859,314	4,113,147	791,593	3,111,529	6,987,633
West Germany	8	306,327,564	18,085,668	7,696,213	7,070,953	15,999,817	2,903,468	4,177,587	829,025	3,128,691	7,072,281
Africa, total	10	308,863,544	17,952,555	7,843,754	7,018,494	15,858,241	2,881,076	4,126,730	813,911	3,118,830	7,005,426
Liberia	6	234,970,915	11,920,325	5,198,698	5,037,442	11,247,285	2,394,595	2,917,021	713,884	2,032,627	5,038,770
South Africa (including Namibia)	7	241,044,778	15,727,229	6,822,448	6,560,823	14,570,568	2,355,475	4,050,147	713,884	3,054,829	6,562,151
Asia, total	12	310,060,742	18,115,025	7,709,717	7,071,005	15,999,930	2,903,468	4,177,618	829,025	3,129,161	7,072,332
Hong Kong	5	233,554,651	15,402,226	6,677,422	6,526,509	14,480,670	2,325,230	4,054,940	708,111	3,050,225	6,527,837
Indonesia	8	301,127,533	17,342,927	7,434,220	7,029,694	15,635,186	2,872,910	4,172,380	823,253	3,117,425	7,031,022
Japan (including Okinawa and Ryukyu)	9	307,678,363	17,534,816	7,536,787	7,011,548	15,983,507	2,880,762	4,126,730	813,911	3,122,059	7,012,876
Philippines	8	306,327,564	17,447,727	7,491,202	7,004,098	15,561,898	2,880,199	4,125,072	813,911	3,118,830	7,005,426
Oceania, total	10	308,863,544	17,952,555	7,843,754	7,018,494	15,858,241	2,881,076	4,126,730	813,911	3,118,830	7,005,426
Australia	8	306,327,564	17,447,727	7,491,202	7,004,098	15,561,898	2,880,199	4,125,072	813,911	3,118,830	7,005,426
Puerto Rico and U.S. Possessions, total	7	261,881,891	16,412,302	7,034,495	6,571,167	14,618,873	2,375,708	4,068,414	736,201	3,058,930	6,572,494
OEPEC countries, total (included above)	10	308,617,660	17,667,929	7,578,245	7,084,008	15,725,084	2,903,155	4,177,587	829,025	3,122,059	7,072,332
Tax haven countries, total (included above)	12	310,060,742	18,115,025	7,709,717	7,071,005	15,999,930	2,903,468	4,177,618	829,025	3,129,161	7,072,332

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country									
	Gross income (less loss) excluding branch operations and specially allocable income					Taxable income (less loss) before loss recapture				
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Petroleum (including integrated) and coal products										
All geographic areas, total	18,941,529	7,274,064	4,177,818	867,807	6,522,041	14,830,925	6,802,704	5,099,823	16,000,128	3,813,694
Canada	5,586,315	1,998,392	1,750,301	76,983	1,760,639	3,113,503	1,807,984	411,518	3,958,538	179,850
Latin America, total	1,578,870	595,871	109,068	116,082	755,569	1,053,444	662,020	699,843	778,893	62,195
Brazil	76,445	45,738	30,848	551	693	57	12,782	508	66,335	2,673
Ecuador	162,680	146,960	—	20	15,700	73,043	142,895	71,365	25,290	5,506
Panama (including Canal Zone)	262,695	230,485	11,276	5,001	15,933	143	28,821	—	234,907	1,008
Venezuela	16,850	9,851	6,802	3,872	1,665	—	36,506	5,213	—	11,023
Other Western Hemisphere, total	482,559	340,486	34,585	95,310	12,178	43	56,541	1,800	429,387	3,389
The Bahamas	98,633	48,087	20,810	20,775	8,950	—	22,504	1,600	78,354	2,225
Netherlands Antilles	71,494	58,614	12,238	1	643	—	13,041	—	57,571	—
Europe, total	6,297,552	3,080,640	1,874,254	402,653	1,139,805	4,951,583	1,744,378	1,288,093	6,057,804	1,503,695
Austria	162,966	116,849	45,432	—	684	69,269	2,846	—	160,125	5
Belgium	676,927	290,599	144,561	1,094	140,673	—	217,383	—	473,855	114,078
Denmark	128,723	39,134	8,724	678	79,187	95,788	84,676	134,996	54,306	10,260
Luxembourg	773	—	—	—	773	56	—	—	716	—
Netherlands	849,798	371,703	199,862	12,909	265,324	619,619	205,777	46,781	697,461	53,440
Norway	289,793	8,799	3,691	113,116	164,187	1,261,434	207,746	844,568	935,522	853,476
Sweden	20,388	5,149	52	44	15,143	60,382	30,505	64,007	7,048	17,484
Switzerland	58,581	16,280	18,123	1	24,177	—	4,798	80	54,834	851
United Kingdom	58,814	36,225	19,195	848	2,546	—	5,507	—	53,416	75
West Germany	3,254,167	1,638,935	897,112	269,675	448,445	2,485,452	747,038	358,899	2,945,462	438,096
Africa, total	719,124	466,912	309,626	1,368	—	58,782	363,058	106,797	618,775	8,448
Liberia	31,836	29,775	612	751	698	—	27,300	26,360	4,527	—
South Africa (including Namibia)	93,931	66,697	3,876	—	23,357	—	2,682	144	91,697	61
Asia, total	2,659,013	914,771	482,326	49,349	1,208,568	1,809,742	1,345,522	948,128	2,419,779	1,066,780
Hong Kong	91,450	52,497	7,973	12	30,968	—	13,947	—	200,782	123,237
Indonesia	782,762	454,353	270,664	166	47,579	896,983	349,193	229,541	1,232,906	781,336
Japan (including Okinawa and Ryukyu)	326,780	130,509	148,111	383	47,798	5,790	45,712	8,940	495,148	170,700
Philippines	5,068	(1)	—	1,343	3,726	—	2,025	3,120	—	—
Oceania, total	162,893	32,353	12,770	20,473	117,287	1,251,835	123,267	956,913	456,011	378,021
Australia	134,219	12,642	8,031	17,071	96,475	1,251,835	108,531	953,360	411,092	385,406
Puerto Rico and U.S. Possessions, total	69,396	21,935	10,584	1,179	35,679	107	33,175	47,027	57,548	20,945
OPEC countries, total (included above)	2,224,459	885,987	372,155	19,422	968,885	2,190,358	1,419,259	792,300	1,908,702	1,101,417
Tax haven countries, total (included above)	2,175,539	1,254,900	335,424	190,629	391,187	667,719	397,822	76,874	1,864,464	186,587

Footnotes at end of table

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued									
	Foreign taxes paid or accrued and deemed paid before reduction					Deemed paid				
	Total	Dividends	Interest	Branch income	Other income	Total	Dividends	Interest	Branch income	Other income
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
Petroleum (including integrated) and coal products										
All geographic areas, total	7,081,177	2,903,559	642,871	36,308	9,817	1,664,089	550,474	4,177,618		
Canada	2,247,626	497,525	352,119	1,707	799	30,004	112,897	1,750,301		
Latin America, total	284,007	174,939	38,568	2,323	1,417	50,317	82,314	109,668		
Brazil	42,511	11,362	8,943	148	—	—	—	30,646		
Ecuador	17,368	17,968	2,921	—	32	—	—	—		
Panama (including Canal Zone)	11,294	10,637	19	—	19	—	—	—		
Venezuela	10,637	3,835	654	—	20	—	—	—		
Other Western Hemisphere, total	36,922	2,337	102	—	—	187	—	—		
The Bahamas	20,913	102	102	—	—	—	—	—		
Netherlands Antilles	14,368	2,132	—	—	—	—	—	—		
Europe, total	2,574,909	900,855	200,048	30,051	1,179	642,601	126,778	1,874,254		
Austria	51,319	5,867	—	—	—	—	—	—		
Belgium	161,230	16,669	16,183	—	—	—	—	—		
Denmark	40,101	8,743	—	—	—	—	—	—		
Luxembourg	—	—	—	—	—	—	—	—		
Netherlands	202,110	62,248	13,966	—	—	486	61	45,432		
Norway	372,189	368,498	33,195	216	—	15,341	24,018	144,561		
Sweden	3,878	3,626	764	—	—	—	—	9,724		
Switzerland	19,857	1,202	—	—	—	—	—	—		
United Kingdom	1,241,397	662	662	—	788	305,679	35,464	199,862		
West Germany	356,965	344,284	76,942	—	—	1,851	423	3,691		
Africa, total	528,675	422,943	13,553	205	4	201,403	65,730	18,123		
Liberia	12,813	38	403	—	—	—	—	—		
South Africa (including Namibia)	—	8,937	8,977	—	—	284,422	144,408	897,112		
Asia, total	1,148,848	668,522	32,253	1,350	5,018	549,893	77,948	309,626		
Hong Kong	7,993	—	—	—	—	—	—	—		
Indonesia	889,146	410,482	—	—	—	—	—	—		
Japan (including Okinawa and Ryukyu)	169,847	21,735	—	—	—	—	—	—		
Philippines	547	547	—	—	—	—	—	—		
Oceania, total	244,237	231,468	2,305	475	1,166	408,926	20	7,973		
Australia	236,360	228,329	230	475	—	38	130	278,664		
Puerto Rico and U.S. Possessions, total	17,877	7,093	3,825	—	—	112	490	148,111		
OPEC countries, total (included above)	1,114,130	741,875	8,199	400	147	221,583	5,939	12,770		
Tax haven countries, total (included above)	411,439	72,918	21,210	219	67	648,191	87,117	372,155		

Footnotes at end of table

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources								Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Primary metal industries												
All geographic areas, total	31	43,362,138	708,294	289,022	119,105	428,287	30,182	118,854	—	47,024	119,105	—
Canada	18	40,459,997	541,427	238,491	114,969	405,327	28,678	115,816	—	32,701	114,969	—
Latin America, total	14	41,294,285	529,222	230,786	112,157	409,373	29,285	112,325	—	46,522	112,157	—
Brazil	6	32,664,197	110,853	42,325	33,081	226,072	16,511	36,490	—	10,808	33,081	—
Panama (including Canal Zone)	3	36,132,523	314,528	137,254	61,097	277,329	19,851	50,425	—	21,055	61,097	—
Venezuela	4	36,333,060	316,543	136,190	62,024	281,866	20,299	64,284	—	28,958	62,024	—
Other Western Hemisphere, total	5	37,052,002	369,470	162,537	73,839	308,383	25,608	70,761	—	28,558	73,839	—
Europe, total	21	41,853,523	622,443	281,770	113,858	413,692	28,759	113,998	—	32,701	113,858	—
Belgium	7	37,607,162	347,564	149,969	65,905	300,933	21,652	65,985	—	20,655	65,905	—
France (including Andorra)	9	38,717,147	446,462	172,207	89,386	308,867	21,671	69,090	—	30,152	89,386	—
Italy (including San Marino)	7	37,349,525	371,818	162,025	66,213	292,177	20,122	67,678	—	30,170	66,213	—
Netherlands	7	37,712,889	403,669	176,747	77,238	315,944	26,035	73,390	—	30,170	77,238	—
Spain	7	37,085,193	354,995	154,109	66,524	292,213	21,081	65,333	—	30,867	66,524	—
Sweden	4	35,189,243	262,464	113,423	47,294	245,122	17,494	52,494	—	29,673	47,294	—
Switzerland	7	37,590,635	385,030	156,806	66,970	303,138	21,250	67,752	—	29,454	66,970	—
United Kingdom	17	39,813,173	489,990	203,465	82,717	341,036	27,842	76,341	—	32,701	82,717	—
West Germany	10	39,375,269	494,497	216,280	109,170	400,543	27,611	111,198	—	30,170	109,170	—
Africa, total	8	37,231,154	368,614	157,402	65,139	296,540	24,188	62,440	—	30,867	65,139	—
South Africa (including Namibia)	8	37,231,154	368,614	157,402	65,139	296,540	24,188	62,440	—	30,867	65,139	—
Asia, total	19	42,129,618	662,008	268,002	113,868	414,536	28,765	113,978	—	32,724	113,868	—
Hong Kong	4	37,082,943	379,129	166,985	90,818	345,780	20,705	96,744	—	21,055	90,818	—
Indonesia	4	35,967,719	316,423	137,103	59,121	289,540	22,624	54,594	—	22,689	59,121	—
Philippines	4	36,227,770	316,761	138,972	62,199	280,115	20,246	60,445	—	21,752	62,199	—
Oceania, total	10	39,736,874	497,287	217,320	109,813	399,925	27,854	107,551	—	22,964	109,813	—
Australia	10	39,736,874	497,287	217,320	109,813	399,925	27,854	107,551	—	22,964	109,813	—
Puerto Rico and U.S. Possessions, total	6	37,425,440	393,773	171,204	90,359	355,645	24,230	98,111	—	28,958	90,359	—
OPEC countries, total (included above)	6	37,425,440	393,773	171,204	90,359	355,645	24,230	98,111	—	28,958	90,359	—
Tax haven countries, total (included above)	10	39,370,310	488,879	212,778	109,182	400,593	27,585	111,216	—	30,170	109,182	—

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country										Taxable income (less loss) before loss recapture			
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specialty allocable income	Deductions from oil and gas extraction income	Taxable income (less loss) before loss recapture					
									Total	Foreign branch income	Specialty allocable income (Section 863(b))	Other than from branch operations and specialty allocable income		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Primary metal industries														
All geographic areas, total	673,470	273,259	118,854	12,042	269,315	—	276,888	—	426,287	7,349	22,335	396,582		
Canada	114,172	27,859	19,809	4,854	81,850	—	45,865	—	77,842	7,547	1,988	68,307		
Latin America, total	78,353	11,041	2,011	1,188	64,112	—	86,532	—	12,915	112	1,002	11,800		
Brazil	3,563	882	713	—	1,967	—	2,570	—	436	—	24	270		
Panama (including Canal Zone)	7,168	882	—	—	616	—	749	—	1,012	112	13	6,999		
Venezuela	616	4,598	—	—	2,570	—	169	—	7,012	112	24	11,800		
Other Western Hemisphere, total	52,361	51,851	436	34	41	—	77,187	—	51,511	—	57	51,454		
Europe, total	219,835	82,780	33,147	3,458	80,252	—	908	—	141,925	—1,651	1,128	142,448		
Belgium	2,247	1,337	—	359	7,501	—	2,257	—	1,470	—1,468	9	10		
France (including Andorra)	16,103	1,337	1,336	—	2,254	—	5,574	—	10,565	—	36	10,529		
Italy (including San Marino)	7,251	(7)	—	—	5,153	—	3,805	—	3,386	—	16	3,446		
Netherlands	61,791	31,332	28,195	—	2,042	—	3,065	—	60,256	—76	24	60,232		
Spain	5,202	—	—	—	838	—	1,824	—	2,152	—	16	2,136		
Sweden	38,750	126	91	49	2,254	—	22,144	—	17,837	—	21	17,816		
Switzerland	49,161	27,265	11,541	379	5,153	—	19,850	—	29,969	—164	822	29,312		
United Kingdom	25,824	5,021	5,107	837	29,039	—	14,783	—	15,392	58	115	15,219		
West Germany	3,539	1,492	97	205	1,745	—	1,585	—	2,219	—	265	1,931		
Africa, total	110,572	42,173	35,438	1,820	31,141	—	1,228	—	2,189	—	267	1,931		
South Africa (including Namibia)	13,560	11,059	1,985	—	510	—	4,945	—	8,711	215	534	8,683		
Asia, total	35,376	8,923	7,165	127	19,962	—	6,529	—	30,210	—	512	29,698		
Hong Kong	1,776	95	—	—	755	—	6,245	—	29,619	—	468	29,131		
Indonesia	178,695	128,896	42,726	186	1,688	—	33,167	—	145,915	1,128	15,932	145,526		
Philippines	—	—	—	—	—	—	—	—	—	—	—	—		
Oceania, total	36,228	8,923	7,165	127	19,962	—	6,529	—	30,210	—	512	29,698		
Australia	35,376	8,923	7,165	127	19,962	—	6,529	—	30,210	—	512	29,698		
Puerto Rico and U.S. Possessions, total	48,469	8,923	7,165	127	19,962	—	6,529	—	30,210	—	512	29,698		
OPEC countries, total (included above)	—	—	—	—	—	—	—	—	—	—	—	—		
Tax haven countries, total (included above)	—	—	—	—	—	—	—	—	—	—	—	—		
Footnotes at end of table	178,695	128,896	42,726	186	1,688	—	33,167	—	145,915	1,128	15,932	145,526		

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
 Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Returns with Form 1120-FC								
Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Deemed Paid—Continued								
(All figures are estimates based on samples—money amounts are in thousands of dollars)								
Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Foreign taxes paid or accrued and deemed paid before reduction							
	Total	Paid or accrued				Other taxes paid or accrued on		Deemed paid
		Total	Tax withheld at source on		Rents, royalties and license fees	Branch income	Other income	
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Primary metal industries	149,038	30,182	12,889	367	11,273	4,359	1,295	118,854
All geographic areas, total	29,245	9,836	1,968	204	3,280	4,056	131	19,609
Canada	7,381	5,349	2,093	83	2,281	150	762	2,011
Latin America, total	1,339	12	12	21	15	—	—	713
Brazil	36	—	—	—	—	—	—	—
Panama (including Canal Zone)	438	—	—	—	—	3	180	53,147
Venezuela	61,151	7,984	7,153	54	594	—	—	1,336
Other Western Hemisphere, total	54	54	—	54	26	3	—	28,195
Europe, total	1,411	75	—	—	—	—	—	91
Belgium	29	29	3,589	—	392	—	—	11,564
France (including Andorra)	31,784	3,589	—	—	—	—	180	5,107
Italy (including San Marino)	392	392	6	—	26	—	—	5,614
Netherlands	97	6	436	—	—	—	—	—
Spain	11,977	436	2,318	—	—	—	—	97
Sweden	7,634	2,526	748	20	275	—	—	—
Switzerland	6,352	748	—	20	124	—	—	35,438
United Kingdom	614	517	221	20	10	35	164	1,985
West Germany	463	366	915	1	13	—	—	14
Africa, total	39,233	3,816	—	4	2,696	—	—	7,185
South Africa (including Namibia)	1,995	11	—	1	41	—	—	7,165
Asia, total	13	45	4	2	1,758	—	57	857
Hong Kong	59	—	494	2	1,685	115	—	—
Indonesia	9,478	2,311	494	—	192	—	—	42,728
Philippines	9,403	2,238	—	—	—	—	—	—
Oceania, total	1,164	307	—	21	21	—	—	—
Australia	443	443	4,048	1	—	—	—	—
Puerto Rico and U.S. Possessions, total	46,737	4,071	—	—	—	—	—	—
OPEC countries, total (included above)								
Tax haven countries, total (included above)								
Endings at end of table.								

Footnotes at end of table.

Corporate Foreign Tax Credit, 1986

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Income and taxes from all sources									
		Total assets	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Foreign tax credit allowed	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Foreign tax credit computed
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Machinery, except electrical											
All geographic areas, total	235	113,673,993	8,434,272	3,804,393	3,092,438	9,599,648	798,480	2,629,724	116	96,749	3,092,447
Canada	110	109,823,289	8,091,673	3,851,005	3,075,808	9,532,305	793,582	2,615,496	116	94,638	3,075,818
Latin America, total	80	105,328,166	7,641,517	3,445,815	3,058,189	9,465,507	789,856	2,603,630	116	89,144	3,058,198
Brazil	25	96,449,149	7,073,466	3,189,668	3,019,686	9,358,283	773,726	2,779,416	—	87,210	3,019,677
Ecuador	7	73,694,477	5,905,525	2,689,328	2,643,271	8,155,358	695,135	2,448,851	—	41,369	2,643,291
Mexico	34	100,391,879	7,187,348	3,237,807	2,996,721	9,313,617	775,294	2,760,588	116	82,254	2,996,742
Panama (including Canal Zone)	9	72,408,984	6,114,127	2,783,924	2,703,030	8,374,126	694,058	2,466,475	—	73,048	2,703,041
Venezuela	13	90,408,956	6,992,059	2,999,938	2,875,480	8,964,936	762,908	2,662,208	—	51,045	2,875,490
Other Western Hemisphere, total	12	91,255,849	6,515,275	2,962,843	2,905,274	9,060,608	756,447	2,684,359	—	77,840	2,905,285
The Bahamas	7	73,694,477	5,905,525	2,689,328	2,643,271	8,155,358	695,135	2,448,851	—	41,369	2,643,291
Bermuda	8	78,045,941	6,325,525	2,979,009	2,856,743	8,378,367	739,033	2,677,615	—	36,411	2,856,745
Netherlands Antilles	8	84,632,339	6,473,164	2,943,272	2,891,007	8,948,121	744,743	2,675,626	—	63,042	2,891,018
Europe, total	86	109,368,932	7,966,854	3,593,981	3,088,193	9,559,809	795,533	2,625,724	—	95,799	3,088,203
Austria	11	86,876,884	6,610,309	3,009,293	2,862,068	8,814,397	747,528	2,664,482	—	41,369	2,862,079
Belgium	22	93,800,412	6,951,589	3,136,174	2,962,335	9,088,847	770,577	2,740,915	—	51,686	2,962,346
Denmark	10	88,829,255	6,533,727	2,972,040	2,876,088	8,873,065	753,305	2,672,724	—	41,369	2,876,089
France (including Andorra)	27	100,399,824	7,286,625	3,285,655	3,018,605	9,365,542	783,270	2,770,101	—	83,199	3,018,616
Italy (including San Marino)	24	87,540,930	7,116,154	3,207,120	2,997,298	9,333,961	781,017	2,751,801	—	79,301	2,997,308
Netherlands	27	97,599,534	7,144,400	3,222,178	3,010,095	9,318,811	780,517	2,764,389	—	81,897	3,010,106
Norway	12	81,827,817	6,649,321	2,996,839	2,905,240	9,063,832	753,976	2,717,856	—	33,047	2,905,243
Spain	11	71,493,760	6,987,300	2,994,396	2,892,497	8,793,486	728,863	2,684,208	—	77,840	2,892,506
Sweden	17	93,986,371	6,880,585	3,100,106	2,976,025	9,242,982	768,115	2,742,733	—	72,214	2,976,036
Switzerland	22	84,974,329	7,048,102	3,183,268	2,992,530	9,069,831	774,577	2,726,990	—	45,448	2,992,540
United Kingdom	54	104,374,778	7,550,703	3,003,776	3,063,250	9,489,597	781,315	2,817,013	—	90,721	3,063,261
West Germany	45	103,275,144	7,511,189	3,088,714	3,031,506	9,400,039	788,006	2,779,354	—	86,746	3,031,517
Africa, total	45	98,229,966	7,213,970	3,251,840	3,032,963	9,394,258	784,535	2,781,223	—	85,650	3,032,973
South Africa (including Namibia)	34	80,714,028	7,026,109	3,189,149	2,891,234	9,033,808	743,509	2,747,777	—	85,465	2,891,245
Asia, total	121	107,984,871	7,973,859	3,597,423	3,062,950	9,504,399	792,138	2,604,226	116	92,582	3,062,961
Hong Kong	16	87,793,565	6,741,973	3,066,367	2,912,702	9,073,986	760,767	2,687,570	—	69,294	2,912,802
Indonesia	5	55,352,086	5,687,224	2,509,227	2,359,569	7,699,787	639,476	2,397,574	—	51,045	2,359,578
Japan (including Okinawa and Ryukyu)	100	105,580,962	7,763,181	3,500,887	3,050,627	9,489,089	780,619	2,803,110	116	92,007	3,050,637
Philippines	14	87,925,076	6,366,222	2,893,612	2,842,036	8,533,153	711,519	2,651,149	—	54,042	2,842,047
Oceania, total	71	102,131,432	7,476,132	3,389,789	3,043,239	9,426,583	788,046	2,788,655	—	89,957	3,043,249
Australia	67	101,507,623	7,383,176	3,327,038	3,021,187	9,374,147	786,213	2,768,178	—	89,957	3,021,198
Puerto Rico and U.S. Possessions, total	14	82,376,973	6,722,432	3,035,502	2,681,762	8,622,763	757,435	2,676,801	—	45,923	2,681,083
OPEC countries, total (included above)	16	95,069,938	6,903,074	3,111,681	2,987,852	9,214,705	776,927	2,729,458	—	77,640	2,987,863
Tax haven countries, total (included above)	43	103,325,994	7,594,702	3,427,308	3,066,242	9,489,433	787,337	2,810,821	—	92,050	3,066,252

Footnotes at end of table.

Corporate Foreign Tax Credit, 1986

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country										Taxable income (less loss) before loss recapture		
	Gross income (less loss) excluding branch operations and specially allocable income					Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income	Specially allocable income (Section 853(b))	Other than from branch operations and specially allocable income	
	Total	Dividends	Dividend gross-up	Interest	Other								
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	
Machinery, except electrical													
All geographic areas, total	11,897,742	3,383,443	2,829,754	205,888	5,278,858	—	2,718,771	—	9,596,648	287,623	350,054	8,978,972	
Canada	764,124	175,530	245,254	11,179	332,161	—	135,591	—	694,141	10,493	55,115	628,533	
Latin America, total	985,819	421,841	290,680	55,737	217,551	—	261,525	—	774,050	25,045	24,711	724,284	
Brazil	405,811	150,782	195,713	12,162	47,154	—	78,663	—	338,122	2,410	8,564	327,148	
Ecuador	13,058	2,266	712	3134	6,947	—	7,997	—	5,473	—	411	5,062	
Mexico	166,887	53,341	53,104	20,798	39,624	—	51,716	—	128,084	2,921	7,992	115,151	
Panama (including Canal Zone)	154,479	133,993	16,351	951	3,184	—	7,759	—	147,322	—	603	146,719	
Venezuela	45,027	9,951	7,365	3,602	24,109	—	25,518	—	22,423	1,087	1,828	19,509	
Other Western Hemisphere, total	93,416	74,688	7,610	8,524	2,594	—	22,757	—	72,444	1,751	234	70,859	
The Bahamas	8,084	3,293	—	3,651	1,140	—	4,275	—	3,828	—	19	3,809	
Bermuda	37,229	36,591	306	13	345	—	3,074	—	34,570	368	147	34,155	
Netherlands Antilles	43,030	34,804	7,304	28	895	—	13,157	—	31,324	1,363	68	29,873	
Europe, total	6,642,698	1,983,237	1,582,114	87,508	2,989,838	—	1,444,432	—	5,448,732	114,030	136,436	5,198,268	
Austria	94,157	21,891	19,847	—	53,626	—	21,794	—	77,575	4,175	1,037	72,363	
Belgium	275,757	86,875	48,465	3,772	136,624	—	93,784	—	196,142	1,726	12,443	181,972	
Denmark	267,820	112,472	68,656	650	80,032	—	49,988	—	219,955	12	2,110	217,832	
France (including Andorra)	1,232,842	383,481	317,578	19,998	511,685	—	261,262	—	994,809	4,076	19,153	971,580	
Italy (including San Marino)	879,635	317,725	214,463	6,681	340,796	—	155,063	—	740,439	10,758	10,108	711,572	
Netherlands	218,217	40,885	32,287	1,629	194,398	—	54,753	—	230,124	977	5,683	223,464	
Norway	90,028	24,529	9,927	368	55,208	—	19,393	—	71,623	3	987	70,634	
Spain	333,630	140,402	90,056	2,841	110,320	—	66,657	—	269,564	69	2,542	268,973	
Sweden	256,337	71,410	85,961	395	99,962	—	52,316	—	208,046	1	4,625	204,019	
Switzerland	153,269	24,396	3,090	1,349	124,443	—	55,663	—	168,136	42,327	28,204	57,605	
United Kingdom	826,517	234,944	162,894	30,858	539,113	—	212,941	—	613,572	12,866	27,985	714,477	
West Germany	1,658,972	435,848	543,972	7,216	619,936	—	328,216	—	1,332,872	15,099	19,017	1,298,756	
Africa, total	93,036	15,063	11,329	3,064	63,581	—	28,597	—	118,762	51,320	3,003	64,439	
South Africa (including Namibia)	80,714	11,743	9,260	1,410	58,301	—	22,963	—	107,025	46,817	2,357	57,852	
Asia, total	2,824,785	638,171	590,866	18,596	1,377,113	—	619,334	—	2,099,424	56,698	37,294	2,005,431	
Hong Kong	22,819	12,489	1,766	170	8,395	—	7,738	—	16,619	—	1,542	15,080	
Indonesia	3,908	—	—	3	3,874	—	4,585	—	718	—	—	—	
Japan (including Okinawa and Ryukyu)	2,337,745	544,885	552,638	5,100	1,235,121	—	486,187	—	1,915,477	40,013	22,506	1,852,558	
Philippines	14,994	4,568	2,318	539	7,570	—	4,880	—	14,099	3,839	146	10,114	
Oceania, total	333,051	63,221	101,087	10,062	158,872	—	119,621	—	241,840	13,077	15,333	213,430	
Australia	271,447	50,613	76,240	9,221	135,733	—	102,148	—	193,512	9,499	14,715	169,298	
Puerto Rico and U.S. Possessions, total	50,116	595	—	7,788	41,732	—	38,791	—	19,164	—	9,821	11,325	
OPEC countries, total (included above)	75,603	14,317	8,757	6,858	45,672	—	43,844	—	38,719	3,469	3,571	31,659	
Tax haven countries, total (included above)	838,387	329,263	85,518	10,362	413,245	—	210,865	—	715,805	48,845	39,437	627,522	

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued										Deemed paid
	Foreign taxes paid or accrued and deemed paid before reduction										
	Total	Paid or accrued				Tax withheld at source on		Other taxes paid or accrued on		Deemed paid	
		Dividends	Interest	Rents, royalties and license fees	Branch income	Other income					
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)			
Machinery, except electrical											
All geographic areas, total	3,628,234	798,480	404,865	14,445	231,301	132,080	15,787	2,829,754			
Canada	286,224	40,971	15,931	797	19,999	3,654	589	245,254			
Latin America, total	475,441	184,761	143,429	8,468	15,833	10,347	6,665	290,680			
Brazil	292,142	96,429	74,280	5,624	2,055	134	22	195,713			
Ecuador	1,806	895	844	51	—	—	—	712			
Mexico	92,300	39,196	28,332	2,837	7,331	—	696	53,104			
Panama (including Canal Zone)	17,008	658	118	56	484	—	—	16,351			
Venezuela	10,768	3,403	2,291	741	371	—	—	7,385			
Other Western Hemisphere, total	8,788	1,178	—	—	—	—	—	7,610			
The Bahamas	306	—	—	—	—	—	—	306			
Bermuda	8,462	1,178	—	—	—	—	—	7,304			
Netherlands Antilles	—	—	—	—	—	—	—	—			
Europe, total	1,869,920	287,806	174,759	498	66,546	40,473	5,532	1,582,114			
Austria	22,152	3,305	1,085	—	—	—	—	18,847			
Belgium	60,043	11,557	10,295	135	(1)	2,220	—	48,485			
Denmark	74,280	5,624	5,262	—	—	368	759	68,656			
France (including Andorra)	357,495	39,817	34,660	278	20,017	1,436	—	317,678			
Italy (including San Marino)	272,016	57,553	16,752	25	29,643	11,103	(1)	214,463			
Netherlands	34,901	2,604	3,460	8	27	263	—	32,297			
Norway	13,394	4,027	5,303	1	14,229	—	—	9,927			
Spain	120,083	10,544	9,180	—	—	—	1,500	80,056			
Sweden	90,984	13,635	11,585	17	—	819	528	85,661			
Switzerland	133,189	67,983	64,190	—	36	1,067	—	3,090			
United Kingdom	611,954	31,393	20,064	22	22	2,351	1,419	543,972			
West Germany	—	—	—	33	—	—	—	—			
Africa, total	31,393	20,064	2,014	71	4,631	13,348	1,419	11,329			
South Africa (including Namibia)	23,000	13,740	1,674	33	4,623	7,410	—	8,260			
Asia, total	828,118	235,230	60,581	3,981	117,413	50,463	2,792	590,886			
Hong Kong	5,128	3,362	—	3	23	3,336	—	1,766			
Indonesia	6,870	—	—	—	—	6,586	—	—			
Japan (including Okinawa and Ryukyu)	718,077	165,438	52,032	(1)	88	101,368	196	552,638			
Philippines	3,751	1,433	641	41	39	11,647	157	2,318			
Oceania, total	127,592	28,495	7,930	488	6,321	11,727	30	85,518			
Australia	96,629	20,388	6,038	433	4,446	9,468	4	76,240			
Puerto Rico and U.S. Possessions, total	1,275	1,275	89	40	281	703	162	—			
OEC countries, total (included above)	32,061	23,303	3,635	803	480	18,204	201	8,757			
Tax haven countries, total (included above)	117,322	31,805	12,770	648	9,426	8,381	580	85,518			
Footnotes at end of table											

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Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Foreign tax credit computed	
											Before reduction for international boycott operations	Reduction for international boycott operations
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Electrical and electronic equipment												
All geographic areas, total	153	213,402,444	8,052,423	3,558,571	1,498,135	5,458,841	270,267	1,024,914	379	309,884	1,498,155	19
Canada	79	201,050,733	7,297,523	3,220,840	1,432,093	5,246,470	244,059	991,599	—	302,672	1,432,112	19
Latin America, total	43	194,920,312	6,972,382	3,074,443	1,406,234	5,153,044	246,491	958,541	—	295,493	1,406,253	19
Brazil	19	146,117,507	3,534,148	1,392,548	505,480	1,678,883	154,810	339,174	—	101,802	505,499	19
Ecuador	7	120,880,803	1,791,983	614,690	197,500	862,723	100,832	79,485	—	90,344	197,500	19
Mexico	30	183,083,507	5,530,621	2,613,271	1,380,020	5,082,059	250,132	945,132	—	294,262	1,380,029	19
Panama (including Canal Zone)	8	128,437,336	1,941,681	674,232	197,259	820,891	95,641	84,710	—	91,911	197,259	19
Venezuela	16	168,581,787	4,494,056	2,101,182	1,138,978	4,432,650	191,746	740,070	—	281,669	1,138,997	19
Other Western Hemisphere, total	15	167,946,958	4,431,598	2,067,308	1,279,705	4,711,480	199,008	676,541	2	293,854	1,279,705	—
The Bahamas	7	149,024,302	3,361,029	1,599,097	993,292	4,001,386	152,675	633,741	—	280,038	993,292	—
Bermuda	5	111,739,191	1,913,038	697,684	291,419	1,004,468	83,203	207,732	—	2,840	291,419	—
Netherlands Antilles	10	142,706,538	3,596,048	1,722,631	1,120,835	4,311,882	159,202	781,072	2	212,703	1,120,835	—
Europe, total	97	204,288,651	7,278,718	3,215,577	1,481,063	5,376,846	259,086	1,018,314	379	309,117	1,481,082	19
Austria	16	143,678,105	3,890,619	1,857,971	1,183,288	4,561,547	177,534	827,726	—	213,520	1,183,288	—
Belgium	23	179,156,821	4,898,042	2,269,922	1,238,831	4,861,858	215,844	868,213	—	284,897	1,238,850	19
Denmark	12	166,327,034	4,254,714	2,048,132	1,147,357	4,508,090	190,713	752,789	—	282,341	1,147,548	19
France (including Andorra)	41	191,512,532	6,548,369	2,887,394	1,436,442	5,215,826	246,040	962,890	—	301,496	1,436,461	19
Italy (including San Marino)	29	184,115,325	5,592,519	2,499,427	1,403,326	5,146,190	254,807	964,082	—	297,894	1,403,345	19
Luxembourg	6	107,720,552	1,657,081	531,297	153,207	717,195	76,983	82,531	—	25,104	153,207	—
Netherlands	28	179,459,974	5,300,534	2,458,825	1,357,135	5,002,429	225,557	928,459	—	288,922	1,357,154	19
Norway	9	153,973,683	3,870,940	1,741,759	1,133,672	4,384,121	172,853	755,125	—	279,486	1,133,672	—
Sweden	18	144,472,213	3,470,266	1,385,488	584,158	1,788,624	157,329	391,851	—	103,286	584,177	19
Switzerland	18	176,227,593	4,702,862	2,197,268	1,260,699	4,802,262	211,873	845,110	—	282,376	1,260,716	19
United Kingdom	21	171,043,791	4,759,959	2,219,315	1,241,861	4,518,018	254,993	835,876	—	282,376	1,241,880	19
West Germany	53	188,841,095	6,381,848	2,812,013	1,444,150	5,253,326	246,901	994,242	379	308,526	1,442,470	19
Africa, total	22	172,815,088	4,566,075	2,132,675	1,184,605	4,587,531	203,778	772,585	—	285,133	1,184,624	19
Liberia	4	121,398,488	1,717,765	582,403	234,141	845,085	87,761	122,617	—	67,049	234,141	—
South Africa (including Namibia)	17	167,172,693	4,234,719	1,961,596	1,056,367	4,587,531	180,052	706,661	—	282,557	1,056,367	19
Asia, total	92	199,501,677	7,253,982	3,204,580	1,471,878	5,385,685	262,175	1,007,013	2	306,263	1,471,897	19
Hong Kong	20	162,792,784	4,587,337	2,157,193	1,263,240	4,799,004	205,917	853,769	—	290,669	1,263,259	19
Indonesia	7	107,338,650	1,565,528	534,601	164,231	731,569	79,331	91,179	—	24,822	164,231	—
Japan (including Okinawa and Ryukyu)	68	196,131,924	6,896,556	3,042,131	1,458,140	5,318,018	254,993	1,001,139	—	282,376	1,458,150	19
Philippines	13	165,031,729	4,652,802	2,124,262	1,052,405	4,272,315	183,401	661,666	—	281,598	1,052,424	19
Oceania, total	47	168,265,656	5,411,359	2,601,905	1,428,703	5,208,298	240,582	984,102	—	298,369	1,429,722	19
Australia	42	184,675,956	5,601,743	2,597,677	1,429,630	5,207,324	240,522	984,070	—	298,369	1,429,649	19
Puerto Rico and U.S. Possessions, total	19	180,038,230	5,748,052	2,540,485	1,338,747	4,840,709	208,128	921,336	—	271,079	1,338,768	19
OPEC countries, total (included above)	24	177,631,782	4,884,875	2,176,101	1,198,091	4,818,318	206,398	781,496	—	283,401	1,198,110	19
Tax haven countries, total (included above)	58	196,289,020	6,341,820	2,924,010	1,447,279	5,291,414	252,917	991,504	2	302,639	1,447,298	19

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from all sources					Income and taxes from specific geographic area or country					Taxable income (less loss) before loss recapture			
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction (less loss)	Other than oil and gas extraction (less loss)	Deductions from oil and gas extraction income	Deductions from other than oil and gas extraction income	Total	Foreign branch income	Specially allocable income (Section 863(b))	Other than from branch operations and specially allocable income	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Electrical and electronic equipment														
All geographic areas, total	6,486,851	2,534,174	1,024,914	274,871	2,652,993	93	1,422,759	83	5,458,841	134,957	259,492	5,064,192	137,055	
Canada	188,376	69,365	56,672	13,217	49,122	—	51,321	—	186,836	26,676	25,105	171,055	28,135	
Latin America, total	247,594	66,487	36,520	37,662	106,924	—	218,459	—	28,751	—2,162	2,779	28,135	434	
Brazil	39,558	20,210	13,341	2,821	3,186	—	39,1	—	35,676	3,936	544	31,196	31,196	
Ecuador	825	—	—	—	—	—	8,362	—	9,70	—	—	9,70	9,70	
Mexico	45,298	20,571	10,293	1,716	12,718	—	11,050	—	28,809	—6,224	786	34,236	34,236	
Panama (including Canal Zone)	21,775	10,571	10,352	120	732	—	7,224	—	14,552	—	—	14,552	14,552	
Venezuela	4,572	293	148	2,325	1,806	—	2,354	—	1,554	—976	312	2,218	2,218	
Other Western Hemisphere, total	142,621	109,470	11,589	18,825	2,738	—	74,489	—	88,192	1	59	88,132	88,132	
The Bahamas	21,958	3,540	11	18,066	341	—	5,856	—	18,156	—	55	18,102	18,102	
Bermuda	22,059	12,905	8,730	62	361	—	2,808	—	19,257	—	4	19,251	19,251	
Netherlands Antilles	96,598	93,024	2,847	632	94	—	65,748	—	30,850	—	—	30,850	30,850	
Europe, total	4,175,917	1,949,954	731,789	64,635	1,409,539	93	589,989	93	3,740,466	40,472	94,046	3,695,928	134,896	
Austria	152,939	80,581	17,624	337	54,366	—	18,012	—	135,327	240	191	134,896	134,896	
Belgium	496,883	254,755	133,302	885	107,941	—	79,078	—	181,192	—2,595	982	178,595	178,595	
Denmark	32,920	18,413	1,762	485	12,260	—	2,792	—	31,185	—332	1,390	30,128	30,128	
France (including Andorra)	130,106	18,707	19,014	2,027	90,357	93	29,767	93	100,339	—275	1,663	99,664	99,664	
Italy (including San Marino)	501,267	297,707	81,031	1,330	120,599	—	52,017	—	467,395	16,882	1,663	449,250	449,250	
Luxembourg	5,558	647	100	2,055	68,537	—	2,782	—	2,630	—132	286	2,498	2,498	
Netherlands	273,533	113,256	66,585	1,700	89,305	—	34,682	—	118,656	3,688	1,119	117,537	117,537	
Norway	126,375	102,093	23,939	138	205	—	7,838	—	261,655	—	319	261,336	261,336	
Sweden	46,276	14,915	3,230	230	7,900	—	2,787	—	43,492	—395	1,177	42,097	42,097	
Switzerland	22,204	13,156	4,297	1,902	2,949	—	24,290	—	21,185	—3,224	1,083	19,961	19,961	
United Kingdom	223,904	182,124	43,849	13,182	57,788	—	42,442	—	32,538	—1,741	212,736	31,792	31,792	
West Germany	578,310	40,589	317,489	10,243	410,443	—	61,082	—	138,052	—8,274	21,882	116,778	116,778	
Africa, total	1,537,961	799,787	317,489	10,243	410,443	—	138,052	—	1,413,517	—	—	1,413,517	1,413,517	
Liberia	44,884	10,555	3,287	3,818	27,194	—	28,831	—	13,306	—3,995	1,269	16,033	16,033	
South Africa (including Namibia)	7,853	1,491	—	2,848	3,514	—	4,064	—	3,789	—	—	3,789	3,789	
Asia, total	9,303	3,574	2,076	924	2,729	—	5,717	—	3,699	—	113	3,586	3,586	
Hong Kong	1,077,787	181,713	167,461	85,710	642,902	—	197,654	—	879,588	52,736	42,420	880,132	880,132	
Indonesia	27,341	12,819	1,647	200	12,674	—	1,761	—	37,635	6,514	24,209	31,126	31,126	
Japan (including Okinawa and Ryukyu)	3,028	311	207	512	2,511	—	1,054	—	3	—	—	3	3	
Philippines	851,014	97,210	161,048	80,120	512,636	—	143,660	—	731,052	7,179	16,519	704,533	704,533	
Oceania, total	81,886	46,158	12,810	3,868	18,139	—	21,332	—	11,744	—	1,766	7,978	7,978	
Australia	80,671	46,158	12,810	3,868	18,139	—	21,332	—	84,004	13,518	10,132	70,862	70,862	
Puerto Rico and U.S. Possessions, total	37,613	2,481	1,371	698	26,815	—	18,407	—	82,320	13,318	9,141	59,961	59,961	
OPEC countries, total (included above)	27,881	1,147	355	2,889	33,371	—	18,111	—	48,538	3,864	25,469	19,908	19,908	
Tax haven countries, total (included above)	585,614	567,897	157,034	50,303	210,370	—	20,106	—	30,287	17,742	2,784	9,750	9,750	
Footnotes at end of table.									828,117	14,353	31,255	782,508	782,508	

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued								Deemed paid
	Foreign taxes paid or accrued and deemed paid before reduction								
	Total	Total	Tax withheld at source on			Other taxes paid or accrued on			
			Dividends	Interest	Rents, royalties and license fees	Branch income	Other income		
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	
Electrical and electronic equipment									
All geographic areas, total	1,255,181	270,267	107,010	7,427	58,408	45,762	51,680	1,024,914	
Canada	80,208	23,534	6,821	664	3,789	9,131	3,149	58,672	
Latin America, total	65,150	28,629	16,210	3,255	4,139	2,284	2,742	38,520	
Brazil	22,949	9,608	6,578	720	376	1,007	927	13,341	
Ecuador	174	174	—	—	174	—	—	—	
Mexico	23,468	13,175	8,106	1,550	2,969	213	338	10,293	
Panama (including Canal Zone)	10,385	32	—	—	—	—	20	10,352	
Venezuela	743	595	65	370	53	7	100	148	
Other Western Hemisphere, total	12,010	421	5	—	—	—	417	11,589	
The Bahamas	11	—	—	—	—	—	—	11	
Bermuda	8,734	4	—	—	—	—	4	8,730	
Netherlands Antilles	2,914	67	5	—	—	—	62	2,847	
Europe, total	824,779	92,990	66,693	913	9,887	8,384	7,134	731,789	
Austria	17,860	236	236	—	—	—	—	17,624	
Belgium	135,361	2,059	1,707	94	7	252	—	133,302	
Denmark	1,880	117	71	—	—	32	15	1,762	
France (including Andorra)	26,108	7,953	869	2	2,811	1,117	2,294	19,014	
Italy (including San Marino)	85,019	3,988	1,248	273	1,504	644	318	81,031	
Luxembourg	9,949	127	127	—	—	—	—	9,822	
Netherlands	77,865	8,280	6,849	—	—	612	619	69,585	
Norway	45,470	21,531	21,473	—	—	1,900	1,363	23,939	
Spain	9,949	6,718	2,409	86	960	1,159	—	8,585	
Sweden	6,077	1,780	622	—	—	—	16	43,849	
Switzerland	47,447	3,558	3,491	—	—	2,487	1,202	43,849	
United Kingdom	20,818	1,636	3,901	18	29	2,487	791	13,182	
West Germany	345,040	27,551	23,166	232	3,294	69	—	317,469	
Africa, total	5,653	2,358	1,321	5	364	18	648	3,297	
Liberia	—	—	—	—	—	—	—	—	
South Africa (including Namibia)	3,331	1,255	883	5	364	—	3	2,076	
Asia, total	259,570	68,109	12,477	1,043	37,094	20,188	16,506	167,461	
Hong Kong	2,974	1,327	—	34	186	928	179	1,647	
Indonesia	743	537	—	—	—	—	—	521	
Japan (including Okinawa and Ryukyu)	217,314	56,556	10,611	989	30,502	10,249	3,904	161,048	
Philippines	4,293	3,984	1,078	70	200	2,243	392	309	
Oceania, total	20,519	7,509	2,837	241	1,411	2,919	101	12,810	
Australia	20,257	7,447	2,837	241	1,356	2,919	93	12,810	
Puerto Rico and U.S. Possessions, total	23,747	22,378	109	230	285	2,381	19,391	1,371	
OPEC countries, total (included above)	8,275	7,820	313	388	241	4,489	2,491	355	
Tax haven countries, total (included above)	178,590	19,958	10,716	135	3,116	2,492	3,498	157,034	

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources									Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Motor vehicles and equipment													
All geographic areas, total	51	309,132,607	4,734,958	2,103,680	591,345	2,168,987	307,409	577,362	—	2,505	591,345	(1)	
Canada	30	306,677,786	4,551,180	2,020,885	583,367	2,145,222	305,961	570,897	—	1,725	583,367	(1)	
Latin America, total	19	307,564,079	4,644,704	2,064,684	581,670	2,144,807	305,048	570,207	—	1,684	581,670	—	
Brazil	6	244,612,047	3,624,574	1,615,800	531,822	1,991,411	287,474	537,159	—	—	531,822	—	
Ecuador	4	240,298,175	3,558,698	1,586,908	529,039	1,977,054	280,771	535,554	—	1,042	529,039	—	
Panama (including Canal Zone)	4	269,657,896	4,162,914	1,851,567	524,972	1,982,170	281,412	531,876	—	—	524,972	—	
Venezuela	6	244,876,036	3,619,941	1,613,675	531,708	1,990,499	287,295	537,307	—	—	531,708	—	
Other Western Hemisphere, total	5	240,824,126	3,583,144	1,597,958	529,182	1,980,517	280,838	535,640	—	1,042	529,182	—	
Europe, total	20	307,823,290	4,617,184	2,050,211	588,968	2,157,788	302,314	577,362	—	1,945	588,968	(1)	
Belgium	6	246,793,910	3,755,818	1,672,739	555,018	2,051,021	286,970	556,214	—	150	555,018	—	
Denmark	4	238,429,173	3,552,253	1,584,065	526,196	1,969,345	278,650	535,736	—	735	526,196	—	
France (including Andorra)	10	304,064,090	4,431,066	1,968,399	576,145	2,124,856	298,994	570,925	—	855	576,145	—	
Italy (including San Marino)	5	294,250,482	4,178,003	1,851,567	524,972	1,882,170	281,412	531,876	—	—	524,972	—	
Netherlands	7	165,392,788	761,717	336,998	228,367	1,338,346	109,331	403,816	—	736	228,367	—	
Norway	4	152,193,256	531,936	238,583	223,174	1,310,608	104,973	401,897	—	750	223,174	—	
Spain	5	246,679,638	3,739,370	1,665,305	554,977	2,050,403	286,958	556,214	—	736	554,977	—	
Sweden	4	238,429,173	3,552,253	1,584,065	526,196	1,969,345	278,650	535,736	—	735	526,196	—	
Switzerland	8	297,303,199	4,243,133	1,898,657	544,850	2,039,553	292,708	544,978	—	1,042	544,850	—	
United Kingdom	15	255,114,904	3,906,227	1,737,871	580,283	2,125,890	296,360	574,350	—	1,531	580,283	(1)	
West Germany	6	251,480,668	3,761,470	1,673,787	563,593	2,079,777	295,047	562,353	—	120	563,593	—	
Africa, total	19	250,116,030	3,815,287	1,696,413	565,025	2,081,947	289,824	563,567	—	1,161	565,025	—	
South Africa (including Namibia)	19	250,116,030	3,815,287	1,696,413	565,025	2,081,947	289,824	563,567	—	1,161	565,025	—	
Asia, total	26	307,830,806	4,629,090	2,057,568	588,994	2,154,129	302,423	578,884	—	1,942	588,994	—	
Hong Kong	3	160,019,965	707,417	313,734	250,067	1,387,191	112,900	420,861	—	120	250,067	—	
Indonesia	3	245,818,424	3,697,414	1,645,005	547,372	2,030,571	283,744	551,825	—	120	547,372	—	
Philippines	4	92,655,070	3,119,810	1,390,656	310,585	704,697	185,328	143,337	—	—	310,585	—	
Oceania, total	15	307,439,510	4,577,633	2,035,107	580,888	2,142,503	301,995	571,722	—	1,192	580,888	—	
Puerto Rico and U.S. Possessions, total	7	303,409,663	4,406,358	1,957,191	567,375	2,103,591	298,018	562,048	—	120	567,375	—	
OPEC countries, total (included above)	8	254,798,998	3,832,673	1,706,577	572,395	2,100,546	297,773	566,366	—	1,161	572,395	—	
Tax haven countries, total (included above)	11	305,451,728	4,465,109	1,983,903	583,103	2,143,021	301,144	574,620	—	1,897	583,103	—	

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country									
	Gross income (less loss) excluding branch operations and specialty allocable income					Taxable income (less loss) before loss recapture				
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specialty allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Motor vehicles and equipment										
All geographic areas, total	2,324,715	1,027,111	577,362	233,365	488,877	—	600,063	—	2,188,987	-115,303
Canada	817,275	300,041	403,322	98,817	14,894	—	123,538	—	1,192,392	952
Latin America, total	420,456	248,135	24,916	48,479	97,825	—	71,271	—	374,824	2,436
Brazil	265,382	228,388	21,561	12,186	3,247	—	18,887	—	247,916	-220
Ecuador	1,358	—	—	4	1,355	—	913	—	587	42
Panama (including Canal Zone)	1,188	550	211	—	425	—	644	—	6,008	411
Venezuela	8,869	758	26	429	7,656	—	3,709	—	—	—
Other Western Hemisphere, total	120,492	105,831	5,487	355	8,820	—	62,319	—	58,174	—
Europe, total	653,273	233,501	126,848	70,160	222,965	—	188,680	—	322,708	-158,400
Belgium	34,635	20,564	5,058	—	9,013	—	5,083	—	33,151	559
Denmark	18,096	9,192	7,471	1,312	91	—	13,049	—	16,285	11,139
France (including Andorra)	123,543	41,952	21,469	8,422	51,691	—	68,758	—	56,185	20
Italy (including San Marino)	8,539	3,872	3,326	41	1,297	—	4,034	—	4,833	15
Netherlands	45,618	16,793	11,988	3,845	12,992	—	5,420	—	40,304	—
Norway	5,145	4,087	1,023	1	35	—	676	—	6,662	2,193
Spain	149,268	70,559	39,611	38	39,060	—	37,847	—	114,729	2,710
Sweden	2,736	1,080	654	—	1,002	—	30	—	7,950	5,199
Switzerland	16,112	7,433	1,149	68	7,456	—	2,986	—	14,167	1,040
United Kingdom	118,643	16,755	6,091	52,911	42,886	—	19,683	—	-89,931	-189,317
West Germany	115,140	29,129	26,819	5,518	58,674	—	28,905	—	102,907	9,101
Africa, total	119,349	104,893	1,659	100	12,788	—	26,270	—	91,440	—
South Africa (including Namibia)	107,535	104,893	1,569	96	976	—	19,534	—	88,257	—
Asia, total	107,386	23,017	11,704	10,371	82,293	—	40,670	—	109,299	21,723
Hong Kong	75	—	—	—	75	—	51	—	16	-10
Indonesia	327	—	—	—	327	—	140	—	198	—
Philippines	341	—	—	35	306	—	156	—	156	—
Oceania, total	21,513	3,795	3,432	3,159	11,127	—	30,777	—	-4,580	3,274
Puerto Rico and U.S. Possessions, total	57,373	105	86	132	57,050	—	44,220	—	27,925	14,764
OPEC countries, total (included above)	15,873	785	26	448	14,818	—	6,278	—	6,488	-1,595
Tax haven countries, total (included above)	176,386	130,612	18,638	5,190	21,748	—	89,382	—	137,295	7,529

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Income and taxes from specific geographic area or country—Continued								
Foreign taxes paid or accrued and deemed paid before reduction								
Selected industry and selected country and IC-DISC and FSC dividends	Total	Total	Paid or accrued				Deemed paid	
			Tax withheld at source on			Other taxes paid or accrued on		
			Dividends	Interest	Rents, royalties and license fees			
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Motor vehicles and equipment								
All geographic areas, total	884,771	307,409	218,990	22,046	8,329	34,753	23,290	577,362
Canada	457,844	54,122	28,565	13,810	1,197	8,966	1,582	403,522
Latin America, total	177,463	152,547	123,541	7,884	2,792	2,521	15,809	24,916
Brazil	142,427	120,867	114,260	1,157	168	—	5,280	21,561
Ecuador	—	225	14	—	—	—	—	—
Panama (including Canal Zone)	—	836	810	152	20	263	14	211
Venezuela	—	—	—	—	—	—	95	26
Other Western Hemisphere, total	5,487	—	—	—	—	—	—	5,487
Europe, total	201,303	74,657	63,483	26	299	10,329	520	126,646
Belgium	7,028	1,970	1,888	—	—	—	—	—
Denmark	8,856	1,385	1,261	—	—	83	—	5,058
France (including Andorra)	23,741	2,272	2,124	—	—	124	—	7,471
Italy (including San Marino)	3,544	217	174	—	126	—	18	21,469
Netherlands	12,731	743	743	—	36	6	1	3,326
Norway	3,480	456	456	—	—	—	—	11,958
Spain	55,085	15,474	12,749	—	55	2,350	319	1,023
Sweden	2,433	1,779	3	—	—	—	—	654
Switzerland	2,154	1,005	1,001	3	—	1,776	—	39,611
United Kingdom	48,749	42,659	35,679	19	—	—	—	1,149
West Germany	31,709	4,890	4,861	—	—	5,961	—	6,091
Africa, total	1,720	150	70	10	81	29	10	26,819
South Africa (including Namibia)	1,720	150	70	10	81	—	—	—
Asia, total	25,868	14,164	2,733	41	3,917	5,820	1,652	11,704
Hong Kong	—	—	—	—	—	—	—	—
Indonesia	—	—	—	—	—	—	—	—
Philippines	—	—	—	—	—	—	—	—
Oceania, total	6	6	—	5	1	—	—	—
Puerto Rico and U.S. Possessions, total	4,795	1,364	572	274	50	414	54	3,432
OPEC countries, total (included above)	10,491	10,405	26	—	14	8,701	3,663	86
Tax haven countries, total (included above)	1,856	1,820	152	20	263	418	778	26
Footnotes at end of table	22,001	3,168	1,744	22	1	1,399	—	18,638

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Income and taxes from all sources										Foreign tax credit computed	
		Total assets	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Transportation equipment, except motor vehicles													
All geographic areas, total	34	41,225,861	1,555,380	620,942	211,318	546,985	30,090	171,701	—	16,275	211,318	—	
Canada	15	36,785,884	1,304,088	509,045	210,880	531,410	28,756	171,701	—	16,272	210,880	—	
Latin America, total	7	38,821,305	1,367,642	535,131	200,840	516,545	27,181	154,081	—	8,541	154,081	—	
Brazil	4	27,686,875	1,021,509	402,827	169,488	408,886	26,074	141,257	—	15,973	141,257	—	
Mexico	7	38,821,305	1,367,642	535,131	200,840	516,545	27,181	154,081	—	8,541	154,081	—	
Other Western Hemisphere, total	3	23,070,259	923,171	371,419	161,442	398,828	24,988	134,560	—	1,145	134,560	—	
Europe, total	12	36,332,548	1,234,978	475,818	209,640	528,884	29,648	170,430	—	16,272	209,640	—	
Austria	3	25,487,776	884,876	298,068	164,325	383,759	19,724	135,017	—	15,044	135,017	—	
Belgium	3	28,025,474	1,050,707	414,821	172,937	416,605	27,676	142,983	—	8,733	142,983	—	
France (including Andorra)	3	19,399,434	717,446	277,719	161,578	380,117	25,034	134,560	—	8,145	134,560	—	
Italy (including San Marino)	3	26,515,009	1,057,325	419,101	170,842	406,532	26,578	142,432	—	8,145	142,432	—	
Netherlands	4	26,389,692	1,048,490	415,038	170,795	405,975	26,571	142,392	—	8,145	142,392	—	
Switzerland	4	28,484,201	1,052,777	415,751	173,064	422,663	27,597	142,983	—	8,145	142,983	—	
United Kingdom	7	35,561,333	1,187,939	454,617	204,351	511,174	26,835	165,817	—	16,165	165,817	—	
West Germany	3	20,804,062	720,242	280,243	165,397	399,332	25,243	137,998	—	8,541	137,998	—	
Africa, total	3	20,804,062	720,242	280,243	165,397	399,332	25,243	137,998	—	8,541	137,998	—	
South Africa (including Namibia)	3	20,804,062	720,242	280,243	165,397	399,332	25,243	137,998	—	8,541	137,998	—	
Asia, total	24	39,705,185	1,440,863	568,504	206,343	529,849	28,342	168,665	—	15,973	206,343	—	
Japan (including Okinawa and Ryukyu)	24	39,705,185	1,440,863	568,504	206,343	529,849	28,342	168,665	—	15,973	206,343	—	
Oceania, total	7	35,268,368	1,188,482	458,126	205,825	513,824	27,832	168,665	—	15,973	205,825	—	
OPEC countries, total (included above)	3	26,242,520	1,013,254	398,830	165,691	394,879	25,787	137,819	—	8,145	137,819	—	
Tax haven countries, total (included above)	8	31,729,916	1,278,763	517,871	174,882	433,641	26,907	145,871	—	8,541	145,871	—	
Instruments and related products													
All geographic areas, total	77	21,720,801	1,038,152	457,556	180,219	608,043	40,977	148,235	—	15,158	180,219	328	
Canada	32	18,106,754	764,273	341,205	147,398	467,198	33,842	122,710	—	13,721	147,398	328	
Latin America, total	18	18,697,733	661,987	294,564	155,610	509,713	33,784	130,608	—	12,599	155,610	328	
Brazil	12	16,597,648	578,804	259,060	146,671	455,354	32,096	123,431	—	11,426	146,671	328	
Mexico	11	14,282,704	497,736	221,721	114,388	352,726	26,577	98,504	—	9,987	114,388	328	
Panama (including Canal Zone)	4	8,085,225	225,594	100,539	70,870	230,676	17,613	46,325	—	1,150	71,198	328	
Venezuela	3	9,662,817	223,547	102,359	84,123	269,614	20,073	74,776	—	8,185	84,451	328	
Other Western Hemisphere, total	8	8,441,598	228,689	101,216	63,494	213,078	15,989	40,594	—	11,150	63,822	328	
Europe, total	50	20,709,865	908,685	400,145	178,541	602,906	39,851	148,114	—	14,840	178,665	328	
Austria	5	6,424,905	201,086	90,866	71,757	223,129	16,737	51,410	—	9,931	72,085	328	
Belgium	9	12,601,808	356,909	157,222	122,729	389,328	25,007	105,718	—	9,881	123,057	328	
France (including Andorra)	17	14,953,141	432,803	189,745	148,141	404,288	33,157	121,673	—	13,150	148,469	328	
Italy (including San Marino)	3	9,516,978	457,366	204,723	86,250	254,299	23,172	58,855	—	11,103	86,578	328	
Netherlands	17	9,784,274	364,495	151,711	119,832	357,518	26,866	90,270	—	9,917	120,160	328	
Norway	9	7,554,136	217,020	96,045	70,543	203,543	14,351	31,217	—	9,698	96,260	328	
Sweden	9	11,278,205	279,859	124,838	95,932	316,767	22,365	83,521	—	9,881	78,686	328	
Switzerland	9	7,298,079	251,617	110,008	78,258	227,723	16,708	56,141	—	9,749	130,084	328	
United Kingdom	25	14,170,938	410,178	183,294	129,756	441,121	27,013	113,049	—	12,263	146,228	328	
West Germany	28	15,867,725	521,628	229,047	145,900	494,019	34,101	122,833	—	14,321	146,966	328	
Africa, total	10	13,928,217	510,953	229,877	126,133	399,610	27,937	110,167	—	9,092	127,241	328	
South Africa (including Namibia)	7	7,711,073	302,340	176,841	80,681	213,061	18,153	58,056	—	9,092	81,009	328	
Asia, total	33	19,414,339	735,477	332,331	142,835	480,914	32,400	118,990	—	12,416	142,962	328	
Hong Kong	7	12,300,299	339,874	153,289	109,318	372,261	25,063	95,191	—	8,815	109,646	328	
Japan (including Okinawa and Ryukyu)	27	17,303,312	518,003	233,502	136,766	462,094	30,910	113,344	—	11,245	137,084	328	
Oceania, total	18	17,895,437	627,516	281,228	148,127	500,834	31,903	124,661	—	13,438	148,465	328	
Tax haven countries, total (included above)	14	13,257,254	509,666	178,524	129,010	421,276	29,313	110,306	—	11,103	126,338	328	

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 2.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country										Taxable income (less loss) before loss recapture			
	Gross income (less loss) including branch operations and specialty allocable income					Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specialty allocable income	Deductions from oil and gas extraction income	Total			Specialty allocable income (Section 863(b))	Other than from branch operations and specialty allocable income	
Total	Dividends	Dividend gross-up	Interest	Other	Total				Foreign income	(21)	(22)			(23)	(24)
(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)			
Transportation equipment, except motor vehicles														
All geographic areas, total	814,954	328,585	171,701	78,706	235,961	—	278,539	—	546,985	14,209	-3,639	536,415		
Canada	248,184	124,425	69,164	13,782	40,813	—	31,131	—	218,258	1,149	56	217,052		
Latin America, total	23,077	1,806	127	20,760	384	—	5,237	—	17,835	-6	—	17,840		
Brazil	2,733	818	70	1,719	128	—	5,237	—	1,808	-154	—	1,962		
Mexico	1,280	837	33	296	115	—	569	—	860	-149	—	711		
Other Western Hemisphere, total	17,746	5,950	235	11,561	—	—	879	—	16,867	—	—	16,867		
Europe, total	184,704	104,191	47,554	24,088	12,891	—	61,232	—	129,760	2,281	8	127,473		
Belgium	408	273	210	-82	7	—	36	—	934	563	—	372		
France (including Andorra)	3,056	1,026	866	61	1,102	—	968	—	2,485	398	—	2,088		
Italy (including San Marino)	4,351	203	—	2,380	1,767	—	1,506	—	2,353	-492	—	2,845		
Netherlands	15,272	8,704	6,157	213	197	—	2,968	—	12,304	—	—	12,304		
Switzerland	6,981	4,942	1,907	—	—	—	961	—	6,020	—	—	6,020		
United Kingdom	80,558	47,038	4,107	21,412	131	—	27,357	—	54,877	1,675	—	53,201		
West Germany	77,356	41,878	34,307	84	1,087	—	27,017	—	50,476	137	(1)	50,339		
Africa, total	40,322	—	—	40	40,282	—	11,084	—	29,238	—	—	29,238		
South Africa (including Namibia)	248	—	—	19	229	—	71	—	177	—	—	177		
Asia, total	158,061	6,572	8,492	2,735	140,282	—	125,776	—	39,454	7,168	4	32,282		
Japan (including Okinawa and Ryukyus)	36,885	5,900	8,367	1,361	21,257	—	13,501	—	25,115	1,727	4	23,384		
Oceania, total	118,679	71,338	46,130	755	453	—	25,032	—	93,751	108	—	93,643		
OPEC countries, total (included above)	1,651	150	24	1,249	227	—	420	—	6,385	5,154	—	1,231		
Tax haven countries, total (included above)	162,440	20,395	8,424	26,702	106,919	—	106,800	—	55,927	88	—	55,840		
Instruments and related products														
All geographic areas, total	687,562	234,013	148,235	36,642	268,473	—	214,095	—	608,043	16,967	115,609	473,467		
Canada	41,491	14,160	10,216	2,153	14,962	—	12,272	—	35,857	314	6,323	29,220		
Latin America, total	39,439	32,585	19,515	1,110	6,230	—	9,719	—	55,416	1,603	4,094	49,720		
Brazil	43,161	26,736	16,904	267	-646	—	3,906	—	39,516	35	226	39,255		
Mexico	5,475	1,883	795	—	2,402	—	2,680	—	2,544	-319	68	2,795		
Panama (including Canal Zone)	1,170	797	82	284	—	—	245	—	1,067	—	141	926		
Venezuela	1,521	737	686	-58	157	—	430	—	1,353	—	281	1,072		
Other Western Hemisphere, total	9,784	8,971	88	—	727	—	628	—	9,160	—	4	9,156		
Europe, total	460,652	155,393	105,822	23,707	175,731	—	141,912	—	381,137	13,381	49,016	318,740		
Austria	1,693	774	613	—	305	—	291	—	1,453	—	51	1,402		
Belgium	33,351	18,900	10,899	198	3,415	—	2,207	—	31,584	135	306	31,144		
France (including Andorra)	52,196	15,114	5,122	1,524	21,036	—	23,191	—	31,224	774	1,445	29,005		
Italy (including San Marino)	23,760	12,206	5,407	249	5,887	—	7,135	—	18,710	772	1,314	16,625		
Netherlands	45,576	16,051	4,312	10	25,204	—	15,847	—	41,886	10,205	-1,952	29,729		
Norway	476	304	172	100	2,970	—	406	—	1,700	—	30	376		
Spain	4,132	866	196	10	2,337	—	1,091	—	2,107	226	210	1,671		
Sweden	6,114	661	53	—	1,552	—	31,552	—	54,519	477	54,042	54,042		
Switzerland	85,594	34,224	34,045	10,723	10,723	—	19,955	—	58,281	1,404	3,984	55,190		
United Kingdom	75,185	19,660	8,424	5,520	40,581	—	7,840	—	89,651	—	526	85,667		
West Germany	114,862	34,327	25,852	7,840	46,843	—	29,195	—	4,320	—	378	3,794		
Africa, total	8,624	5,221	785	69	548	—	629	—	2,102	—	234	1,868		
South Africa (including Namibia)	2,497	1,523	683	69	223	—	629	—	2,102	—	234	1,868		
Asia, total	89,038	12,753	9,110	3,882	43,310	—	27,799	—	60,592	2,357	16,998	41,237		
Hong Kong	6,458	3,650	170	1,648	990	—	2,886	—	4,411	505	334	3,572		
Japan (including Okinawa and Ryukyus)	37,103	4,073	6,666	1,663	24,889	—	37,053	—	12,751	605	12,751	23,696		
Oceania, total	16,036	2,295	1,462	1,591	10,700	—	9,112	—	6,016	—	—	6,024		
Australia	14,433	1,752	1,053	1,440	10,189	—	8,651	—	7,748	—	1,092	6,656		
Puerto Rico and U.S. Possessions, total	6,402	157	19	—	6,225	—	2,185	—	6,448	1,014	2,195	4,230		
OPEC countries, total (included above)	3,821	1,789	938	-93	1,140	—	1,431	—	4,229	1,214	825	2,397		
Tax haven countries, total (included above)	168,095	70,037	40,280	9,145	49,414	—	61,203	—	121,508	10,719	1,604	109,184		

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued						
	Foreign taxes paid or accrued and deemed paid before reduction						
	Paid or accrued						
	Total		Tax withheld at source on			Other taxes paid or accrued on	
	(25)	(26)	Dividends	Interest	Flats, royalties and license fees	Branch income	Other income
	(25)	(26)	(27)	(28)	(29)	(30)	(31)
							(32)
Transportation equipment, except motor vehicles							
All geographic areas, total	201,791	30,090	20,438	1,580	3,074	4,889	110
Canada	75,681	6,517	4,400	878	528	713	—
Latin America, total	1,039	913	610	212	90	—	—
Brazil	379	309	119	155	35	—	—
Mexico	522	559	460	57	42	—	—
Other Western Hemisphere, total	235	—	—	—	—	—	—
Europe, total	53,814	6,260	4,879	49	595	912	25
Austria	373	163	41	38	—	84	—
Belgium	1,067	201	49	—	—	—	—
France (including Andorra)	470	470	—	—	—	—	—
Italy (including San Marino)	6,579	422	—	—	—	—	—
Netherlands	1,917	10	—	—	—	—	—
Switzerland	5,122	1,045	—	—	—	—	—
United Kingdom	38,228	3,921	3,886	10	—	—	—
West Germany	28	26	—	—	—	—	—
Africa, total	26	26	—	—	—	—	—
South Africa (including Namibia)	13,839	5,347	300	147	1,758	3,129	14
Asia, total	10,580	2,212	300	—	1,237	664	11
Japan (including Okinawa and Ryukyu)	56,694	10,985	10,448	23	49	45	—
Oceania, total	2,425	2,401	30	147	(1)	2,223	29
OPEC countries, total (included above)	8,903	479	445	—	—	—	—
Tax haven countries, total (included above)							
Instruments and related products							
All geographic areas, total	189,212	40,977	20,598	1,403	12,801	5,238	1,141
Canada	14,078	3,862	1,351	331	1,132	181	887
Latin America, total	28,580	10,074	7,580	393	1,440	641	21
Brazil	22,781	5,977	5,922	39	703	16	—
Mexico	2,732	1,337	1,048	—	—	—	—
Panama (including Canal Zone)	240	157	30	128	31	—	—
Venezuela	928	242	176	36	—	—	—
Other Western Hemisphere, total	88	—	—	—	—	—	—
Europe, total	119,887	14,065	8,807	228	1,528	3,338	168
Austria	717	104	104	—	—	—	—
Belgium	11,333	1,218	554	17	—	57	—
France (including Andorra)	15,741	201	—	—	—	—	—
Italy (including San Marino)	6,456	1,049	201	44	528	182	—
Netherlands	6,668	2,357	245	—	—	2,112	—
Norway	217	46	—	—	—	—	—
Spain	839	643	30	17	596	—	—
Sweden	775	29	—	—	—	85	—
Switzerland	35,547	1,503	1,355	(1)	—	—	—
United Kingdom	9,901	1,477	837	144	25	471	—
West Germany	30,775	4,899	4,899	—	17	—	—
Africa, total	913	128	111	7	4	—	—
South Africa (including Namibia)	774	91	84	7	—	—	—
Asia, total	17,142	8,032	944	227	6,221	621	17
Hong Kong	170	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu)	9,219	2,552	181	142	1,695	544	—
Oceania, total	2,310	948	148	—	149	—	—
Australia	1,818	765	91	134	540	—	—
OPEC countries, total (included above)	3,488	1,472	—	—	1,610	349	18
Tax haven countries, total (included above)	1,155	824	319	—	282	117	—

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources							Foreign tax credit computed	
			Income subject to U.S. tax	Request and alternative tax	Foreign tax credit claimed	Taxable income (net loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Reduction for international boycott operations
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
All other manufacturing											
All geographic areas, total	713	289,584,939	18,398,794	7,765,411	1,495,720	4,229,377	360,471	1,183,175	231	131,548	1,495,755
Canada	434	270,489,813	16,808,501	7,080,262	1,435,401	4,024,985	344,151	1,144,244	43	119,649	1,436,337
Latin America, total	172	235,899,202	13,151,220	5,560,476	1,387,133	3,797,762	338,172	1,091,268	43	114,324	1,387,168
Brazil	59	165,139,936	9,635,880	4,083,433	1,188,971	3,157,255	280,403	954,351	—	87,525	1,188,987
Ecuador	28	109,716,708	5,717,070	2,534,569	787,846	1,874,276	185,128	584,206	—	56,898	787,861
Mexico	138	214,954,287	12,087,824	5,135,519	1,348,160	3,674,105	330,788	1,061,915	43	108,008	1,348,195
Panama (including Canal Zone)	33	146,874,534	7,162,155	3,037,547	892,942	2,305,117	211,876	699,616	—	40,088	892,943
Venezuela	45	159,995,471	8,443,480	3,007,319	924,468	2,344,444	218,272	724,544	—	50,125	924,500
Other Western Hemisphere, total	58	178,684,801	8,794,087	3,613,707	975,163	2,675,113	234,052	792,581	—	75,940	975,183
The Bahamas	17	79,537,223	3,246,552	1,323,070	402,404	1,028,158	86,031	299,542	—	34,292	402,404
Bermuda	32	134,879,714	6,619,889	2,919,576	801,394	2,214,737	200,647	654,189	—	54,347	801,414
Netherlands Antilles	26	125,589,903	4,998,787	2,032,812	583,486	1,462,592	153,858	455,116	—	38,043	583,486
Europe, total	265	251,679,465	14,724,398	6,263,380	1,454,027	4,007,998	345,146	1,158,771	43	125,269	1,454,082
Austria	39	126,001,092	6,677,094	2,956,169	778,307	2,181,172	184,006	653,434	—	45,549	778,307
Belgium	159	145,067,974	9,284,974	3,975,959	1,003,805	2,890,175	234,757	795,870	43	97,872	1,003,805
Denmark	43	125,463,378	6,501,661	2,754,294	906,773	2,301,449	195,851	698,360	—	74,567	906,773
France (including Andorra)	115	189,349,341	10,910,274	4,615,962	1,310,725	3,557,992	303,990	1,053,029	—	100,489	1,310,725
Italy (including San Marino)	97	191,125,008	10,784,606	4,568,486	1,243,800	3,366,154	285,612	1,004,218	—	97,899	1,243,800
Luxembourg	7	20,226,512	1,031,129	420,629	129,056	346,778	34,571	103,037	—	—	129,056
Netherlands	74	169,583,343	9,688,072	4,104,933	1,095,690	2,964,791	256,964	887,998	—	78,143	1,095,690
Norway	30	56,569,342	4,470,806	1,943,362	584,725	1,454,636	122,418	459,676	—	50,735	584,725
Spain	70	164,853,257	9,363,705	3,982,688	1,058,879	2,928,267	258,217	855,007	43	73,878	1,058,879
Sweden	58	166,363,778	8,625,350	3,889,189	1,132,225	3,028,326	258,479	933,704	43	77,482	1,132,225
Switzerland	57	162,580,529	9,090,902	3,853,804	1,121,308	3,057,314	260,662	903,302	—	63,549	1,121,308
United Kingdom	179	230,061,592	13,099,861	5,541,574	1,375,688	3,745,510	319,628	1,102,089	43	118,936	1,375,723
West Germany	124	207,438,116	11,712,619	4,908,574	1,334,387	3,593,142	315,301	1,066,336	43	105,880	1,334,417
Africa, total	108	187,152,453	11,241,635	4,761,907	1,295,608	3,526,621	308,612	1,021,351	—	97,051	1,295,608
Libya	3	13,589,482	533,061	191,830	72,897	181,143	19,709	56,293	—	—	72,897
South Africa (including Namibia)	100	178,011,230	10,347,444	4,449,918	1,176,956	3,205,816	287,781	939,512	—	80,801	1,176,956
Asia, total	279	242,423,298	14,327,033	6,083,628	1,398,613	3,887,999	338,686	1,104,087	43	120,130	1,398,648
Hong Kong	56	157,432,645	9,240,010	3,934,170	928,323	2,362,061	209,507	709,693	—	82,359	928,323
Indonesia	25	127,986,896	6,665,211	2,807,621	763,011	2,087,025	197,958	625,255	—	32,428	763,011
Japan (including Okinawa and Ryukyu)	249	232,207,329	13,215,045	5,621,762	1,343,331	3,730,034	324,031	1,099,228	—	106,578	1,343,331
Philippines	41	154,363,477	7,927,879	3,342,843	944,330	2,559,352	233,964	784,512	—	42,789	944,331
Oceania, total	211	229,199,230	12,735,636	5,416,318	1,356,418	3,668,051	322,473	1,075,278	43	114,905	1,356,458
Australia	201	226,380,290	12,612,921	5,364,589	1,352,392	3,683,648	320,168	1,072,848	43	114,900	1,352,408
Puerto Rico and U.S. Possessions, total	60	133,275,239	7,159,108	3,022,169	791,194	2,027,097	185,806	592,263	188	74,734	791,194
OPEC countries, total (included above)	63	183,215,667	10,107,880	4,269,205	1,150,698	3,153,858	283,311	919,524	—	69,454	1,150,734
Tax haven countries, total (included above)	144	239,526,713	13,527,653	5,712,864	1,397,522	3,637,245	329,770	1,114,922	—	112,009	1,397,557

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country										Taxable income (less loss) before loss recapture			
	Gross income (less loss) excluding branch operations and specially allocable income					Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Foreign income	Specially allocable income (Section 856(a))	Other than from branch operations and specially allocable income	Total	Foreign income
	Total	Dividends	Dividend gross-up	Interest	Other									
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
All other manufacturing	5,347,992	2,020,692	1,183,178	194,038	1,950,089	—	1,202,408	—	4,229,377	-62,151	145,944	4,145,584		
All geographic areas, total	5,347,992	2,020,692	1,183,178	194,038	1,950,089	—	1,202,408	—	4,229,377	-62,151	145,944	4,145,584		
Canada	1,229,020	515,608	333,152	42,598	337,682	—	138,366	—	1,098,888	6,383	1,851	1,099,633		
Latin America, total	515,640	273,888	122,641	19,638	99,488	—	138,762	—	383,423	-17,761	4,296	378,888		
Brazil	224,538	143,106	67,150	4,158	10,124	—	41,553	—	156,735	—	142	182,979		
Ecuador	7,063	2,913	768	200	3,272	—	2,767	—	4,380	—	185	4,296		
Mexico	89,049	42,217	8,547	4,783	32,502	—	45,140	—	35,417	1,869	2,598	42,509		
Panama (including Canal Zone)	39,805	20,071	16,261	423	3,051	—	4,525	—	16,745	24	650	16,071		
Venezuela	23,459	12,076	7,098	1,935	1,750	—	7,388	—	101,925	717	528	100,882		
Other Western Hemisphere, total	118,443	96,804	18,999	1,301	1,338	—	17,780	—	8,927	-538	30	9,436		
The Bahamas	12,683	10,419	46	1,137	1,091	—	3,256	—	11,877	4	14	11,862		
Bermuda	14,160	14,974	83	39	-993	—	2,244	—	73,741	—	511	79,230		
Netherlands Antilles	90,808	71,412	18,869	111	416	—	11,578	—	1,628,806	-66,804	15,091	1,681,419		
Europe, total	2,238,513	840,690	522,077	83,850	791,898	—	587,094	—	12,394	(1)	59	12,336		
Austria	14,824	6,156	3,891	—	4,777	—	2,488	—	49,454	2,654	1,158	43,642		
Belgium	80,251	17,576	7,580	1,388	53,708	—	34,509	—	14,166	8	39	14,120		
Denmark	17,977	5,933	5,167	509	6,278	—	3,857	—	109,522	2,346	2,373	164,804		
France (including Andorra)	216,432	64,977	57,837	3,952	89,866	—	51,628	—	112,283	9,100	1,580	101,603		
Italy (including San Marino)	129,928	38,734	25,144	853	65,187	—	4,654	—	22,320	11	52	22,868		
Luxembourg	27,512	12,072	9,725	—	57,017	—	38,009	—	80,774	-1,062	2,833	79,003		
Netherlands	117,811	36,282	18,486	6,037	57,017	—	38,009	—	18,551	-2,248	130	16,173		
Norway	18,802	6,297	3,333	4	9,188	—	2,620	—	29,739	-14,190	365	43,564		
Spain	57,434	20,870	9,985	13	27,567	—	13,870	—	55,284	6	220	55,038		
Sweden	66,481	31,893	20,111	1,260	13,208	—	11,424	—	167,395	12,658	4,122	150,514		
Switzerland	198,613	89,573	21,865	570	76,605	—	47,999	—	348,041	-81,567	31	429,577		
United Kingdom	534,723	220,241	86,160	48,883	179,439	—	105,147	—	469,061	950	1,786	466,325		
West Germany	631,912	246,452	247,011	13,574	124,875	—	165,588	—	107,660	95	390	107,175		
Africa, total	186,105	28,090	18,533	1,883	137,508	—	78,330	—	3,685	—	—	3,685		
Liberia	4,191	2,893	983	916	—	—	506	—	54,032	95	321	53,116		
South Africa (including Namibia)	82,032	22,349	15,520	912	23,254	—	8,416	—	468,575	2,952	2,973	462,850		
Asia, total	595,126	130,532	86,755	7,277	370,584	—	132,477	—	48,227	—	1,425	46,232		
Hong Kong	72,919	28,854	4,664	822	38,580	—	26,687	—	7,746	—	138	7,608		
Indonesia	10,506	4,516	2,868	-1,337	4,659	—	2,898	—	298,690	1,890	-1,127	295,918		
Japan (including Okinawa and Ryukyus)	350,351	41,022	60,597	4,380	244,312	—	54,433	—	30,076	-313	-260	30,708		
Philippines	37,797	17,725	9,866	517	9,693	—	7,089	—	224,427	79	1,178	223,171		
Oceania, total	289,414	90,797	78,304	5,308	115,007	—	66,243	—	200,621	174	978	199,469		
Australia	256,789	83,277	69,636	4,221	99,655	—	57,320	—	37,316	13,428	3,428	20,480		
Puerto Rico and U.S. Possessions, total	35,188	3,005	2,066	4,290	25,828	—	14,728	—	83,393	-59	2,062	81,291		
OPEC countries, total (included above)	182,475	28,588	10,925	1,725	121,237	—	81,084	—	540,759	12,981	9,408	518,287		
Tax haven countries, total (included above)	678,068	352,459	106,737	18,511	202,361	—	159,681	—						

Footnotes at end of table

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued										Deemed paid
	Foreign taxes paid or accrued and deemed paid before reduction										
	Total	Total	Tax withheld at source on					Paid or accrued		Other taxes paid or accrued on	
			Dividends	Interest	Rents, royalties and license fees	Branch income	Other income				
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)			
All other manufacturing											
All geographic areas, total	1,543,848	360,471	205,990	12,537	70,440	36,848	34,658	1,183,175			
Canada	400,600	67,448	42,483	5,073	12,932	3,538	3,444	333,152			
Latin America, total	238,294	115,652	68,603	3,218	14,370	14,306	15,057	122,641			
Brazil	106,171	39,020	34,173	706	660	953	2,529	67,150			
Ecuador	2,898	2,129	895	80	716	851	529	768			
Mexico	44,020	24,217	12,884	2,132	6,083	3,048	5,547	16,541			
Panama (including Canal Zone)	52,567	1,446	1,084	294	560	5	—	16,261			
Venezuela	17,707	1,446	1,084	126	345	87	2,387	7,098			
Other Western Hemisphere, total	12,617	5,519	2,575	126	345	87	2,387	7,098			
The Bahamas	19,820	822	814	—	8	—	—	—			
Bermuda	46	—	—	—	—	—	—	—			
Netherlands Antilles	83	—	—	—	—	—	—	—			
Europe, total	19,683	814	814	—	—	—	—	—			
Austria	630,610	108,533	76,076	2,789	12,722	10,755	6,191	522,077			
Belgium	4,620	729	559	—	118	—	—	—			
Denmark	17,094	3,515	2,324	88	151	693	251	3,891			
France (including Andorra)	5,464	2,98	2,98	—	—	—	—	—			
Italy (including San Marino)	64,625	6,989	2,450	57	2,391	1,284	580	2,580			
Luxembourg	37,073	11,929	3,275	62	4,439	2,339	807	57,637			
Netherlands	10,069	344	344	—	—	—	—	—			
Norway	20,010	1,524	1,505	—	3	—	—	25,144			
Spain	4,525	1,192	902	—	—	—	—	9,725			
Sweden	16,811	7,827	3,706	1	—	590	17	18,486			
Switzerland	21,185	1,054	1,040	—	3,023	142	955	3,333			
United Kingdom	32,551	10,786	7,243	—	748	2,088	1,638	21,865			
West Germany	99,468	13,308	8,807	30	615	2,527	401	20,111			
Africa, total	293,854	46,843	43,585	2,552	745	2,088	1,638	86,160			
Liberia	25,820	7,296	2,279	152	4,228	225	588	247,011			
South Africa (including Namibia)	1,237	245	150	95	—	—	—	—			
Asia, total	20,823	5,304	1,836	57	3,165	214	31	18,523			
Hong Kong	125,930	39,175	10,046	512	19,717	479	6,422	86,755			
Indonesia	5,182	519	903	31	104	76	308	4,654			
Japan (including Okinawa and Ryukyus)	4,493	1,795	2,740	4	579	309	2,668	9,966			
Philippines	81,875	21,279	2,675	175	12,147	348	5,869	60,597			
Oceania, total	14,718	4,853	2,675	77	1,743	45	313	9,966			
Australia	89,500	11,296	4,972	416	4,418	1,292	197	78,304			
Puerto Rico and U.S. Possessions, total	79,225	9,589	4,186	313	3,605	1,292	192	69,536			
OPEC countries, total (included above)	9,624	7,558	591	89	894	5,228	848	2,066			
Tax haven countries, total (included above)	21,409	10,685	4,373	210	3,047	87	3,168	10,935			
Footnotes at end of table.	125,278	18,541	11,929	228	2,494	2,858	1,633	105,237			

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources									Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international operations	Reduction for international operations	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Transportation and public utilities													
All geographic areas, total	159	257,999,331	6,878,070	3,736,514	232,019	1,701,947	59,810	164,110	3	17,000	232,025	6	
Canada	42	189,806,493	6,340,235	2,685,931	217,598	1,497,600	53,163	155,828	—	16,039	217,504	6	
Latin America, total	24	189,150,407	6,114,910	2,559,124	211,958	1,547,606	52,897	154,528	—	6,224	211,962	6	
Brazil	9	143,275,086	4,926,851	2,061,451	182,873	1,404,460	45,318	135,887	—	2,873	182,879	6	
Ecuador	3	47,626,831	1,377,045	479,701	134,273	372,477	28,723	105,550	—	—	134,273	—	
Mexico	16	87,236,170	3,399,478	1,340,675	173,298	518,537	39,547	131,013	—	2,873	173,298	6	
Panama (including Canal Zone)	5	115,383,773	2,997,813	1,240,651	172,440	1,381,877	42,084	130,361	—	—	172,446	6	
Venezuela	9	129,837,898	3,641,131	1,467,446	193,463	1,417,223	46,659	140,918	—	6,211	193,469	6	
Other Western Hemisphere, total	23	215,897,155	6,224,238	2,577,166	214,516	1,538,845	50,327	158,409	—	6,224	214,522	6	
The Bahamas	4	56,559,892	1,500,433	542,373	155,956	425,861	34,435	121,508	—	13	155,956	—	
Bermuda	7	59,112,668	1,691,303	616,035	181,579	505,006	39,511	136,258	—	6,211	181,579	—	
Europe, total	92	185,915,545	4,275,827	1,705,793	200,431	1,569,782	81,685	143,876	—	6,336	200,437	6	
Austria	4	113,288,689	3,007,493	1,243,344	159,017	1,315,909	36,307	119,842	—	2,873	159,022	6	
Belgium	8	129,427,959	3,476,157	1,392,761	190,542	1,408,775	46,288	138,048	—	6,211	190,548	6	
Denmark	7	124,651,056	3,394,069	1,355,825	181,309	1,382,915	42,912	135,526	—	2,890	181,315	6	
France (including Andorra)	7	124,462,783	3,376,966	1,348,538	181,392	1,383,212	42,940	135,584	—	2,873	181,398	6	
Italy (including San Marino)	9	128,144,426	3,486,836	1,407,025	169,681	1,341,713	41,849	127,907	—	13	169,687	6	
Luxembourg	3	46,386,678	1,165,151	426,478	142,653	389,428	31,445	108,072	—	3,339	142,655	—	
Netherlands	6	113,536,206	3,113,676	1,276,552	146,394	1,277,866	35,289	111,108	—	16	146,400	6	
Norway	4	113,357,934	3,082,668	1,262,920	146,304	1,277,857	35,260	111,050	—	13	146,310	6	
Spain	1	121,711,998	3,360,194	1,369,154	147,141	1,290,718	35,752	111,982	—	—	147,147	—	
Sweden	7	122,431,369	3,304,103	1,333,744	168,538	1,348,895	40,310	122,422	—	6,211	168,544	6	
Switzerland	16	124,510,919	3,372,438	1,346,421	181,808	1,368,945	44,215	135,829	—	2,870	181,814	6	
United Kingdom	19	143,160,441	4,013,529	1,605,326	190,313	1,546,215	47,669	141,238	—	2,902	190,319	6	
West Germany	10	133,549,982	3,692,134	1,473,903	182,667	1,388,427	43,506	136,350	—	2,873	182,673	6	
Africa, total	13	137,063,700	3,701,321	1,478,072	192,071	1,411,677	46,774	139,163	3	6,224	192,077	6	
South Africa (including Namibia)	8	118,506,069	3,260,995	1,314,441	159,644	1,323,727	36,934	119,842	—	2,873	159,650	6	
Asia, total	22	154,161,006	5,334,152	2,225,795	185,869	1,414,382	47,036	137,484	3	3,592	185,875	6	
Hong Kong	5	113,357,934	3,082,668	1,262,920	146,394	1,277,857	35,289	111,108	—	—	146,396	6	
Indonesia	3	47,626,831	1,377,045	479,701	134,273	372,477	28,723	105,550	—	—	134,273	—	
Japan (including Okinawa and Ryukyu)	17	134,846,732	3,734,670	1,490,482	184,423	1,396,122	45,591	137,494	—	3,576	184,429	6	
Philippines	7	127,413,167	3,388,561	1,379,414	181,412	1,377,514	42,674	135,858	—	2,886	181,418	6	
Oceania, total	16	130,327,849	3,757,356	1,509,521	193,763	1,473,684	48,092	144,474	—	2,873	193,769	6	
Puerto Rico and U.S. Possessions, total	19	135,973,096	3,950,821	1,582,891	192,207	1,462,986	46,362	143,884	—	3,045	192,213	6	
OPEC countries, total (included above)	11	138,389,448	3,918,359	1,574,581	194,987	1,421,254	47,138	142,032	—	6,224	194,993	6	
Tax haven countries, total (included above)	96	221,294,880	6,508,187	2,652,078	215,735	1,552,813	52,285	158,770	—	6,336	215,741	6	

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Gross income (less loss) excluding branch operations and specially allocable income					Income and taxes from specific geographic area or country				Taxable income (less loss) before loss recapture			
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction (gross income less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Deductions from other income	Total	Foreign branch income	Specially allocable income (Section 863(b))	Other than from branch operations and specially allocable income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Transportation and public utilities													
All geographic areas, total	2,981,694	428,294	164,110	70,807	2,298,483	14,419	1,376,497	8,370	1,701,947	28,261	88,489	1,585,197	
Canada	261,830	106,125	64,006	1,454	90,234	14,349	80,518	8,370	1,701,947	28,261	88,489	1,585,197	
Latin America, total	488,910	21,304	6,428	30,824	428,354	—	335,699	—	203,004	1,692	—	201,312	
Brazil	28,624	12	3	9,165	19,444	—	14,933	—	159,052	7,840	—	151,211	
Ecuador	86,951	2,704	554	10,415	73,139	—	54	—	13,691	—	—	13,691	
Mexico	7,544	3,560	3,627	55	301	—	69,312	—	17,639	-215	—	17,639	
Panama (including Canal Zone)	29,944	4,501	4,042	3,727	19,674	—	8,019	—	17,606	109	—	17,639	
Venezuela	1,008	358	20,206	1,575	-27,302	—	38,598	—	132,244	—	—	21,925	
Other Western Hemisphere, total	171,949	177,469	20,206	1,575	-27,302	—	38,598	—	132,244	—	—	21,925	
The Bahamas	7,205	6,321	—	791	139	—	91	—	901	—	-1,117	133,361	
Bermuda	971,558	87,158	39,266	2,705	842,429	—	475,953	—	5,277	—	—	507	
Europe, total	1,821	46,802	731	—	288	—	1,825	—	582,011	214	86,193	495,605	
Austria	5,768	2,948	240	—	288	—	1,825	—	1,578	—	—	1,578	
Belgium	1,808	861	259	—	2,599	—	298	—	4,010	47	—	3,963	
Denmark	67,541	1,800	1,553	—	64,287	—	21,726	—	1,581	50	—	1,511	
France (including Andorra)	94,489	27,183	8,960	—	58,314	—	24,540	—	45,536	20	—	45,515	
Italy (including San Marino)	497	—	—	—	497	—	122	—	70,051	102	—	69,949	
Luxembourg	30,819	415	86	—	628	—	11,605	—	275	—	—	375	
Netherlands	18,392	1,333	568	—	14	—	3,658	—	19,214	—	—	19,214	
Norway	36,634	1,141	719	—	35,774	—	5,729	—	2,174	—	—	2,174	
Spain	65,550	24,751	11,494	—	27,702	—	11,549	—	12,503	-160	—	12,563	
Sweden	231,047	12,430	5,273	—	219,004	—	19,131	—	25,085	—	—	25,085	
Switzerland	154,793	6,597	7,793	—	140,120	—	63,015	—	46,419	—	—	46,419	
United Kingdom	10,799	180	132	—	10,398	70	57,501	—	240,309	83	86,193	154,032	
West Germany	1,914	110	74	—	1,729	—	97,311	—	97,311	18	—	97,292	
Africa, total	1,914	110	74	—	1,729	—	97,311	—	97,311	18	—	97,292	
South Africa (including Namibia)	1,914	110	74	—	1,729	—	97,311	—	97,311	18	—	97,292	
Asia, total	394,368	26,278	25,287	26,601	313,202	—	142,537	—	287,073	15,242	—	251,831	
Hong Kong	31,315	2,137	470	—	28,708	—	11,597	—	19,703	—	—	19,718	
Indonesia	220	—	—	—	220	—	38	—	284	—	—	184	
Japan (including Okinawa and Ryukyu)	190,516	22,589	24,579	1,132	132,315	—	60,222	—	121,011	617	—	120,394	
Philippines	24,624	8,374	8,239	78	67,534	—	7,899	—	16,504	179	—	16,725	
Oceania, total	84,826	8,374	8,239	78	67,534	—	34,321	100	56,817	312	—	50,505	
Puerto Rico and U.S. Possessions, total	8,282	794	546	712	6,730	—	6,683	—	6,542	3,983	—	1,620	
OPEC countries, total (included above)	74,304	5,689	2,141	31,820	34,534	—	26,384	—	86,333	18,393	—	47,940	
Tax haven countries, total (included above)	325,488	217,804	36,897	8,577	62,480	—	85,498	—	238,784	-72	-1,117	238,972	

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Foreign taxes paid or accrued and deemed paid before reduction							
	Total	Total	Tax withheld at source on			Other taxes paid or accrued on		Deemed paid
			Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Transportation and public utilities								
All geographic areas, total	223,920	59,810	23,282	4,702	11,817	6,781	13,418	164,110
Canada	77,962	13,957	8,491	210	1,048	802	3,407	64,008
Latin America, total	19,213	12,785	1,644	4,158	1,953	2,074	2,955	6,428
Brazil	2,641	2,638	—	1,650	822	—	—	—
Ecuador	—	4,604	666	1,792	590	—	1,556	3,627
Mexico	5,159	453	358	38	7	23	138	2,042
Panama (including Canal Zone)	4,080	1,363	577	618	—	—	—	—
Venezuela	3,405	—	—	—	10	—	—	20,208
Other Western Hemisphere, total	21,325	1,119	1,087	22	—	—	—	—
The Bahamas	22	22	—	—	—	—	—	—
Bermuda	—	—	—	—	—	—	1,540	39,266
Europe, total	56,819	11,553	8,223	307	1,325	160	(1)	731
Austria	767	36	35	—	—	—	—	240
Belgium	668	428	417	—	—	11	—	259
Denmark	2,134	580	102	—	407	47	188	1,553
France (including Andorra)	12,855	3,895	3,450	—	200	—	—	8,960
Italy (including San Marino)	—	—	—	—	—	—	—	86
Luxembourg	85	—	—	—	—	—	—	668
Netherlands	1,461	793	145	—	452	34	163	1,719
Norway	1,775	56	55	—	1	—	—	11,494
Spain	13,417	1,923	1,616	307	—	—	1,103	5,273
Sweden	6,517	1,704	568	—	4	29	—	7,783
Switzerland	9,567	1,784	1,763	—	—	—	—	—
United Kingdom	—	—	—	—	—	—	—	—
West Germany	528	397	18	—	87	243	51	132
Africa, total	193	118	16	—	—	—	16	74
South Africa (including Namibia)	39,297	14,010	2,459	—	5,478	1,729	4,345	25,287
Asia, total	482	12	—	—	—	11	—	470
Hong Kong	3	3	—	—	—	—	—	—
Indonesia	33,197	8,617	2,155	—	4,430	932	1,100	24,579
Japan (including Okinawa and Ryukyu)	171	171	—	—	50	6	—	—
Philippines	—	—	—	—	—	—	—	—
Oceania, total	11,342	3,103	1,359	—	590	246	907	8,239
Puerto Rico and U.S. Possessions, total	2,263	1,718	—	4	8	1,539	168	548
OPEC countries, total (included above)	3,810	1,670	837	618	32	289	179	2,141
Tax haven countries, total (included above)	40,729	3,922	3,118	367	120	—	30	36,807

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources									
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss from foreign sources before loss recapture)	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Foreign tax credit computed	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Wholesale and retail trade, total												
All geographic areas, total	701	228,507,146	9,616,188	4,012,268	641,854	1,856,204	236,370	440,615	28,220	209,327	641,900	—
Canada	296	158,308,518	5,270,298	2,186,091	450,937	1,273,098	99,073	358,998	1	57,202	450,937	—
Latin America, total	62	157,990,014	4,893,148	1,988,164	459,911	1,241,738	111,005	342,897	884	81,264	459,911	—
Brazil	15	92,692,809	1,566,189	595,121	76,857	320,304	49,459	38,577	—	33,200	76,857	—
Ecuador	6	75,729,582	1,210,331	419,314	48,305	218,129	27,531	22,156	—	1,407	48,305	—
Mexico	34	129,101,543	3,331,948	1,379,585	252,031	660,157	62,330	197,105	—	17,189	252,031	—
Panama (including Canal Zone)	19	108,571,444	2,351,026	925,777	306,254	795,533	62,413	219,009	884	30,714	306,254	—
Venezuela	13	102,380,388	2,172,438	841,877	237,091	664,810	57,731	194,542	—	27,187	237,091	—
Other Western Hemisphere, total	19	128,085,375	2,969,654	1,204,952	370,788	958,592	75,811	272,300	884	39,408	370,788	—
The Bahamas	6	24,949,412	1,419,319	637,773	249,969	630,349	26,894	195,992	884	29,240	249,969	—
Bermuda	8	31,978,266	1,291,880	563,731	248,347	608,751	33,647	185,070	884	38,227	248,347	—
Netherlands Antilles	13	121,037,310	2,589,653	1,039,536	291,249	773,841	50,563	238,427	—	1,179	291,249	—
Europe, total	259	163,900,918	6,361,343	2,624,847	522,804	1,527,882	122,958	383,298	885	90,774	522,804	—
Austria	8	17,512,843	1,055,909	464,428	183,062	490,276	22,449	170,779	—	23,611	183,062	—
Belgium	17	41,119,717	1,880,811	829,284	237,583	709,164	40,003	210,203	—	24,598	237,583	—
Denmark	6	9,904,384	1,052,031	472,718	220,362	560,047	21,936	202,896	—	—	220,362	—
France (including Andorra)	42	108,598,682	2,607,417	1,044,815	292,441	823,921	64,031	241,478	—	30,220	292,441	—
Italy (including San Marino)	25	120,000,695	3,929,291	1,618,674	262,733	813,120	55,814	216,554	1	34,548	262,733	—
Netherlands	71	120,541,684	2,965,711	1,211,156	310,778	885,880	67,710	152,445	—	30,967	310,778	—
Norway	6	11,755,864	1,071,693	476,867	164,823	427,520	12,380	152,445	—	568	164,823	—
Spain	12	108,830,154	2,901,385	1,155,873	315,008	819,910	68,614	213,934	884	48,096	315,008	—
Sweden	11	85,674,305	2,173,287	834,485	214,099	607,795	44,774	182,158	—	24,678	214,099	—
Switzerland	43	103,812,620	2,674,878	1,049,983	229,031	650,554	57,030	184,452	—	26,585	229,031	—
United Kingdom	142	133,979,532	3,676,235	1,488,761	412,521	1,226,913	94,183	307,410	885	70,742	412,521	—
West Germany	26	106,380,856	2,391,288	943,868	278,517	829,084	70,918	208,124	—	51,094	278,517	—
Africa, total	16	116,502,447	2,138,835	828,103	166,521	525,027	65,007	87,882	884	53,919	166,521	—
South Africa (including Namibia)	8	98,062,781	1,640,899	608,437	139,295	432,746	44,417	66,405	884	30,419	139,295	—
Asia, total	184	194,286,367	7,488,308	3,144,991	558,813	1,581,925	220,889	370,402	28,220	204,705	558,813	—
Hong Kong	30	126,241,030	4,259,231	1,745,346	336,905	923,519	78,265	242,753	884	78,541	336,905	—
Indonesia	9	12,198,423	364,886	153,316	94,401	295,063	25,520	48,027	—	884	94,401	—
Japan (including Okinawa and Ryukyu)	94	181,584,112	6,550,026	2,730,539	462,844	1,351,922	115,108	355,786	885	72,910	462,844	—
Philippines	13	96,899,869	2,788,581	1,081,693	272,405	778,937	57,121	196,422	884	62,441	272,405	—
Oceania, total	44	119,784,547	3,341,419	1,370,009	385,836	1,023,015	96,938	282,825	884	89,742	385,836	—
Puerto Rico and U.S. Possessions, total	72	129,551,424	3,980,593	1,865,464	292,111	797,085	73,706	230,693	—	48,758	292,111	—
OPEC countries, total (included above)	24	114,013,382	2,825,772	1,137,844	377,179	991,184	165,999	230,574	28,219	180,887	377,179	—
Tax haven countries, total (included above)	144	186,257,330	6,762,449	2,794,674	525,426	1,434,938	117,633	398,215	885	87,267	525,426	—

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country								Taxable income (less loss) before loss recapture			
	Gross income (less loss) excluding branch operations and specially allocable income					Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income	Specially allocable income (Section 863(b))	Other than from branch operations and specially allocable income
	Total	Dividends	Dividend gross-up	Interest	Other							
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Wholesale and retail trade, total												
All geographic areas, total	3,721,614	887,938	440,515	191,409	2,221,652	257,080	2,015,194	103,549	1,858,204	131,648	18,136	1,706,420
Canada	464,554	187,653	154,945	41,508	80,448	—	77,928	—	386,840	162	51	386,627
Latin America, total	237,222	85,209	29,098	17,659	105,255	9,340	126,425	2,176	112,671	1,872	1	110,797
Brazil	65,035	20,084	4,483	2,975	37,494	—	31,926	—	33,110	—	—	33,110
Ecuador	395	—	—	59	336	—	222	—	173	—	—	173
Mexico	34,064	8,823	302	3,222	21,718	—	40,168	—	—	206	—	—14,104
Panama (including Canal Zone)	75,445	49,795	21,976	403	2,710	9,340	10,767	2,176	65,679	—	—	65,678
Venezuela	8,486	1,309	924	1,077	6,175	—	5,440	—	3,964	—	—	4,046
Other Western Hemisphere, total	146,199	111,588	23,336	19,101	—7,826	—	17,940	—	126,588	—1,671	—	128,259
The Bahamas	39,103	12,649	7,153	18,890	410	—	6,453	—	30,650	—	—	30,650
Bermuda	8,058	14,700	3,242	—	—	—	—	—	4,701	—1,722	—	6,423
Netherlands Antilles	98,619	64,091	12,857	211	1,459	—	7,748	—	90,870	—	—	90,870
Europe, total	1,263,599	210,591	95,395	27,482	930,132	—	824,121	—	472,142	16,476	16,188	439,479
Austria	4,027	1,487	1,440	(1)	1,100	—	1,794	—	1,110	—1,123	—	2,233
Belgium	69,069	41,537	20,517	42	6,872	—	6,211	—	67,835	4,978	—	62,857
Denmark	3,820	226	201	2,972	420	—	1,114	—	2,872	167	—	2,705
France (including Andorra)	73,118	19,919	19,851	7,949	25,399	—	17,469	—	40,411	—15,238	—	55,649
Germany	33,860	10,157	8,484	304	14,915	—	8,842	—	25,637	216	403	25,018
Italy (including San Marino)	70,601	21,440	14,111	952	34,098	—	36,286	—	37,719	3,404	—	34,314
Netherlands	338	—	—	—	338	—	72	—	268	—	—	266
Norway	9,683	6,199	1,911	1	1,572	—	1,582	—	8,256	155	—	8,101
Spain	1,074	1,074	974	353	4,706	—	1,046	—	6,061	—	—	6,061
Sweden	7,107	1,074	4,106	1,224	24,658	—	23,595	—	28,102	4,339	—	23,762
Switzerland	844,181	53,162	9,916	12,208	788,894	—	710,810	—	153,336	19,786	—	133,570
United Kingdom	88,860	31,565	13,489	1,328	40,478	—	12,856	—	70,989	—3,015	—	74,004
West Germany	66,351	52,889	7,443	3,337	2,682	—	18,661	—	58,650	10,980	—	47,690
Africa, total	46,700	43,443	641	1,069	1,147	—	11,477	—	35,223	—	—	35,223
South Africa (including Namibia)	1,104,908	170,992	109,397	42,283	782,236	247,740	587,704	101,373	545,988	28,652	133	517,264
Asia, total	71,673	44,049	6,330	491	20,804	—	14,273	—	57,403	3	—	57,400
Hong Kong	1,029	192	—	10	827	—	2,913	—	2,913	—	—	2,913
Indonesia	533,547	90,842	98,529	38,081	305,495	—	289,219	—	252,332	7,869	133	244,331
Japan (including Okinawa and Ryukyus)	13,504	7,096	172	172	3,664	—	4,534	—	9,012	42	—	8,971
Philippines	89,408	31,991	18,048	8,894	28,876	—	16,433	—	93,616	20,516	128	72,975
Oceania, total	194,574	6,286	1,575	2,882	163,831	—	239,102	—	54,401	4	—	—44,528
Puerto Rico and U.S. Possessions, total	234,985	4,098	924	4,068	325,878	247,740	200,148	101,373	138,299	3,481	—	134,818
Other countries, total (included above)	484,495	254,759	72,050	25,354	132,332	9,340	135,482	2,176	351,798	2,784	1	349,013

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Foreign taxes paid or accrued and deemed paid before reduction							
	Total	Paid or accrued					Deemed paid	
		Total	Tax withheld at source on			Other taxes paid or accrued on		
			Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Wholesale and retail trade, total								
All geographic areas, total	676,984	236,370	50,015	6,084	15,830	40,440	124,001	440,615
Canada	176,254	21,309	14,123	1,868	2,893	1,063	1,364	154,945
Latin America, total	44,598	15,900	10,914	1,453	1,005	1,472	1,056	29,098
Brazil	6,201	3,718	2,664	118	126	792	18	4,483
Ecuador	14	—	—	—	—	—	—	—
Mexico	7,073	6,771	4,848	—	218	49	910	302
Panama (including Canal Zone)	25,029	3,053	2,827	15	195	—	14	21,976
Venezuela	1,428	504	262	146	65	—	31	924
Other Western Hemisphere, total	23,858	522	37	—	—	130	355	23,336
The Bahamas	7,465	312	—	—	—	—	312	7,153
Bermuda	3,242	—	—	—	—	—	—	3,242
Netherlands Antilles	12,867	10	—	—	—	—	10	12,857
Europe, total	121,074	25,079	8,883	302	1,690	7,401	7,823	95,395
Austria	1,514	74	—	—	—	—	—	1,440
Belgium	23,436	2,919	482	(1)	—	2,395	42	20,517
Denmark	207	5	—	—	—	—	—	201
France (including Andorra)	21,525	1,674	424	258	680	2	310	19,851
Italy (including San Marino)	10,043	1,558	542	10	849	99	59	8,484
Netherlands	16,084	1,973	381	1	—	—	1,591	14,111
Spain	3,159	1,248	1,107	—	—	—	—	—
Sweden	1,044	69	—	—	136	—	5	1,911
Switzerland	5,615	1,509	1,107	—	—	—	—	—
United Kingdom	13,250	3,345	862	12	—	125	265	4,106
West Germany	24,986	11,497	3,581	22	—	2,255	206	9,916
Africa, total	18,997	9,554	7,317	1	794	1,424	18	7,443
South Africa (including Namibia)	6,911	6,270	6,269	—	1	—	—	641
Asia, total	226,889	117,292	5,570	435	7,337	9,778	94,174	109,396
Hong Kong	7,551	1,222	513	43	473	173	20	6,330
Indonesia	1,082	1,082	—	—	—	—	—	—
Japan (including Okinawa and Ryukyus)	114,084	15,355	2,659	297	301	779	—	98,529
Philippines	3,928	1,355	1,060	8	127	160	580	2,573
Oceania, total	31,640	12,793	2,611	964	1,357	7,618	43	18,846
Puerto Rico and U.S. Possessions, total	34,053	32,478	713	817	721	11,187	19,040	1,576
Foreign countries, total (included above)	95,421	94,497	262	147	446	779	92,863	824
Tax haven countries, total (included above)	81,267	9,217	4,981	123	1,217	553	2,342	72,050
Excludes net of cost of sales								

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources									Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
Wholesale trade													
All geographic areas, total	586	59,203,929	3,152,135	1,345,138	289,985	899,595	153,941	150,195	28,220	166,812	289,985	—	
Canada	268	38,030,214	1,939,346	837,922	109,467	398,625	25,381	85,234	1	17,534	109,467	—	
Latin America, total	48	38,714,601	1,574,761	686,154	142,047	458,764	37,450	77,779	884	41,595	142,047	—	
Mexico	27	26,720,613	856,362	396,316	30,787	150,212	15,260	17,142	—	850	30,787	—	
Panama (including Canal Zone)	13	22,486,538	647,192	279,681	106,722	315,516	27,339	53,007	884	29,469	106,722	—	
Venezuela	8	15,502,690	476,268	201,261	31,437	149,404	14,372	20,691	—	2,745	31,437	—	
Other Western Hemisphere, total	10	15,938,148	422,437	184,989	85,616	250,017	23,788	32,971	884	36,227	85,616	—	
The Bahamas	3	2,682,378	196,084	90,101	66,202	197,336	11,991	27,129	884	29,240	66,202	—	
Bermuda	5	15,801,814	421,047	184,511	65,280	248,432	23,027	32,396	884	38,227	85,290	—	
Netherlands Antilles	6	10,617,210	82,044	37,434	9,149	72,579	9,079	1,858	—	—	9,149	—	
Europe, total	178	36,894,691	2,107,908	905,496	200,011	640,484	50,373	126,500	885	50,145	200,011	—	
Austria	5	1,998,962	188,786	85,922	13,165	92,954	3,346	10,041	—	348	13,165	—	
Belgium	13	17,107,066	658,579	282,342	47,299	193,100	16,876	33,425	—	976	47,299	—	
France (including Andorra)	34	20,719,536	914,178	407,591	88,588	311,215	20,731	69,411	1	14,736	88,588	—	
Italy (including San Marino)	18	14,602,230	867,614	438,603	39,130	211,670	8,628	28,683	—	9,870	39,130	—	
Netherlands	64	16,446,332	673,742	293,433	77,681	278,380	19,414	64,193	884	31,757	94,892	—	
Spain	7	13,539,741	318,604	146,152	94,892	275,859	25,455	46,210	—	236	20,469	—	
Sweden	7	6,356,850	592,323	234,422	20,469	122,707	4,212	17,535	1	2143	31,268	—	
Switzerland	37	21,716,724	810,337	365,918	31,268	151,460	16,385	15,779	885	45,551	172,729	—	
United Kingdom	72	26,704,000	1,305,453	545,741	177,220	566,822	44,127	111,242	—	10,743	49,760	—	
West Germany	19	16,163,862	514,690	220,626	49,780	216,442	18,927	30,690	—	—	—	—	
Africa, total	10	19,348,809	618,119	264,623	84,835	250,424	23,140	36,393	884	29,476	84,835	—	
South Africa (including Namibia)	4	2,989,231	261,948	109,919	66,244	198,670	11,402	26,759	884	29,240	66,244	—	
Asia, total	156	45,389,762	2,199,127	962,437	233,060	694,110	142,074	103,452	26,220	164,652	233,060	—	
Hong Kong	17	7,234,600	580,131	250,786	105,531	332,226	20,847	50,063	884	37,998	74,400	—	
Indonesia	5	3,323,716	218,240	98,300	74,400	224,524	14,241	25,781	—	—	—	—	
Japan (including Okinawa and Ryukyu)	73	40,319,478	1,873,263	826,506	162,778	523,765	45,743	94,230	885	47,417	162,778	—	
Philippines	6	5,075,835	333,534	130,882	74,581	249,611	14,250	29,914	884	37,568	74,581	—	
Oceania, total	35	19,558,189	722,505	310,393	109,159	349,505	31,163	51,847	884	47,139	109,159	—	
Puerto Rico and U.S. Possessions, total	53	5,849,446	468,591	204,112	25,197	132,774	6,562	15,081	—	9,048	25,197	—	
OPEC countries, total (included above)	18	24,413,506	920,310	401,552	170,759	471,114	122,349	58,248	26,219	156,445	170,759	—	
Tax haven countries, total (included above)	116	37,197,809	1,775,305	785,455	166,629	587,258	41,630	126,985	885	47,538	196,629	—	

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country											
	Gross income (less loss) excluding branch operations and specially allocable income					Taxable income (less loss) before loss recapture						
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income	Specialty allocable income (Section 863(b))	Other than from branch operations and specially allocable income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale trade												
All geographic areas, total	2,497,228	381,510	150,195	116,804	1,848,719	257,080	1,654,524	103,549	899,595	38,819	18,073	842,704
Canada	123,837	24,814	18,693	21,937	57,392	—	56,264	—	67,735	162	—	87,573
Latin America, total	246,492	74,738	27,805	14,160	129,789	9,340	122,077	2,176	125,051	636	—	124,415
Mexico	57,371	870	27	2,526	53,949	—	47,470	—	9,901	—	—	9,901
Panama (including Canal Zone)	73,771	48,770	21,420	403	3,177	9,340	9,358	2,176	64,413	—	—	64,413
Venezuela	6,450	1,069	824	1,077	5,490	—	4,939	—	3,429	—	—	3,511
Other Western Hemisphere, total	25,111	25,160	8,591	212	—8,851	—	6,729	—	18,434	52	—	18,382
The Bahamas	19,816	12,649	7,153	—	13	—	4,505	—	15,221	—	—	15,221
Bermuda	3,792	12,509	1,437	—	—10,154	—	900	—	2,692	—	—	2,692
Netherlands Antilles	1,447	—	—	211	1,234	—	1,193	—	254	—	—	254
Europe, total	1,021,700	107,586	62,938	10,081	841,096	—	769,974	—	284,488	16,554	16,188	251,727
Austria	61	—	—	—	61	—	25	—	36	—	—	36
Belgium	7,005	125	236	41	6,604	—	6,52	—	17,678	11,525	—	6,153
France (including Andorra)	57,539	17,895	17,524	2,718	19,702	—	13,863	—	43,676	—	—	43,676
Netherlands	29,106	10,072	9,484	116	10,436	—	3,382	—	23,995	—135	403	23,727
Spain	63,567	18,155	13,651	2,71	31,491	—	27,004	—	39,967	3,404	—	36,563
Sweden	7,398	5,238	1,520	1	639	—	1,134	—	6,204	—	—	6,204
Switzerland	4,513	876	974	253	2,310	—	305	—	2,618	—	—	2,618
United Kingdom	34,862	12,707	3,110	110	18,935	—	17,731	—	21,470	4,339	—	17,131
West Germany	775,746	27,613	8,208	2,813	737,112	—	695,480	—	82,928	2,662	—	80,266
Africa, total	68,039	52,832	7,327	3,334	2,746	—	5,279	—	17,769	—5,176	—	22,945
South Africa (including Namibia)	46,704	43,382	641	1,547	1,133	—	18,437	—	47,941	339	—	47,603
Asia, total	813,438	72,243	17,628	38,862	684,885	247,740	542,742	101,373	278,662	5,840	126	270,696
Hong Kong	22,252	15,021	2,191	—	5,017	—	4,612	—	17,620	—20	—	17,640
Indonesia	665	192	—	—	472	—	365	—	309	—	—	309
Japan (including Okinawa and Ryukyu)	341,319	21,514	11,144	35,952	272,709	—	256,291	—	83,726	8,572	126	75,028
Philippines	12,441	7,069	2,555	172	2,645	—	4,254	—	7,693	—495	—	8,188
Oceania, total	38,977	14,427	5,170	627	17,753	—	12,623	—	38,215	11,635	126	26,454
Puerto Rico and U.S. Possessions, total	38,169	67	35	488	37,541	—	34,248	—	7,171	3,260	—	3,911
OPEC countries, total (included above)	332,010	3,858	824	4,058	323,271	247,740	199,381	101,373	132,548	—82	—	132,629
Tax haven countries, total (included above)	280,299	128,378	45,612	1,384	106,924	9,340	93,039	2,176	192,925	5,665	—	187,259

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Foreign taxes paid or accrued and deemed paid before reduction							
	Paid or accrued							
	Total	Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	Deemed paid
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Wholesale trade								
All geographic areas, total	304,138	153,941	28,033	2,573	4,069	21,873	99,392	150,195
Canada	23,322	3,629	1,035	530	681	129	1,254	19,693
Latin America, total	37,568	9,763	6,258	1,257	385	1,138	727	27,805
Mexico	1,898	1,871	478	602	98	—	14	27
Panama (including Canal Zone)	24,230	2,610	2,773	15	7	—	31	824
Venezuela	1,214	390	214	145	—	—	—	8,591
Other Western Hemisphere, total	9,043	452	—	—	—	—	312	7,153
The Bahamas	7,465	312	—	—	—	—	—	1,437
Bermuda	1,437	10	—	—	—	—	—	—
Netherlands Antilles	10	—	—	—	—	—	—	—
Europe, total	75,605	12,687	4,698	89	1,289	3,655	2,936	62,938
Austria	2,673	2,437	—	—	—	—	—	236
Belgium	18,400	875	58	47	462	2,395	42	17,524
France (including Andorra)	9,935	1,351	529	—	814	—	310	8,484
Italy (including San Marino)	15,298	1,648	934	—	—	—	1,591	13,651
Netherlands	2,459	939	—	—	—	—	—	1,520
Spain	1,014	40	40	—	—	—	—	974
Sweden	4,410	1,300	698	12	—	125	265	3,110
Switzerland	9,983	1,745	383	22	—	1,135	206	8,208
United Kingdom	10,978	2,290	1,775	—	—	—	514	8,688
West Germany	14,590	7,283	7,244	(1)	(1)	1	18	7,327
Africa, total	6,902	6,261	6,261	—	—	—	—	641
South Africa (including Namibia)	126,171	108,542	5,218	278	1,219	8,383	93,447	17,628
Asia, total	2,705	514	513	—	(1)	—	—	2,191
Hong Kong	(1)	—	—	—	—	—	—	—
Indonesia	23,046	11,902	2,424	187	1,043	7,875	374	11,144
Japan (including Okinawa and Ryukyu)	3,624	1,069	1,060	8	—	—	—	2,555
Philippines	15,850	9,480	1,515	37	412	7,474	43	6,170
Oceania, total	1,336	1,301	(1)	139	63	—	—	35
Puerto Rico and U.S. Possessions, total	93,881	93,057	214	145	(1)	380	92,698	824
OPEC countries, total (included above)	56,584	6,973	4,254	28	118	—	2,182	45,612
Tax haven countries, total (included above)								

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources									
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less total from foreign sources before loss recapture)	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Foreign tax credit contoured	
			(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Retail trade												
All geographic areas, total	115	169,303,217	6,464,053	2,667,130	351,868	958,609	82,429	290,420	—	40,715	351,915	—
Canada	30	118,278,305	3,330,950	1,328,169	341,470	874,271	73,691	273,764	—	39,669	341,470	—
Latin America, total	14	118,278,412	3,118,387	1,282,010	317,884	782,974	73,555	264,318	—	39,669	317,884	—
Mexico	7	102,380,930	2,475,584	993,268	221,244	509,945	47,070	179,063	—	16,339	221,244	—
Panama (including Canal Zone)	6	66,084,907	1,703,834	644,096	199,532	480,017	35,074	166,002	—	1,245	199,532	—
Venezuela	5	86,877,699	1,686,170	640,616	205,655	515,406	43,359	173,851	—	24,442	205,655	—
Other Western Hemisphere, total	9	112,146,229	2,547,217	1,019,893	285,170	708,574	52,022	239,329	—	1,179	285,170	—
The Bahamas	3	22,267,034	1,223,235	547,672	181,767	433,013	14,804	188,863	—	—	181,767	—
Bermuda	3	16,176,452	870,833	379,221	163,607	360,318	10,620	152,675	—	—	163,607	—
Europe, total	84	127,096,227	4,253,435	1,719,451	322,593	887,378	72,583	254,798	—	40,828	322,593	—
Austria	3	15,513,881	889,123	378,508	189,896	397,323	19,103	160,738	—	23,263	189,896	—
Belgium	4	24,012,651	1,222,232	548,943	190,284	516,064	23,327	176,778	—	24,012	190,284	—
France (including Andorra)	8	87,879,146	1,693,239	637,226	202,652	512,706	43,300	172,066	—	24,484	202,652	—
Italy (including San Marino)	7	105,398,465	2,941,077	1,180,072	223,603	801,449	47,186	187,871	—	24,678	223,603	—
Netherlands	7	104,095,332	2,311,989	917,123	233,095	607,289	49,296	195,354	—	16,339	221,116	—
Spain	5	95,290,413	2,582,781	1,009,720	220,116	543,750	43,150	167,724	—	24,442	233,095	—
Sweden	3	19,317,455	1,580,954	800,063	183,630	465,088	40,662	164,623	—	24,442	197,763	—
Switzerland	7	82,095,897	1,984,542	854,065	197,763	495,084	40,646	168,873	—	25,191	234,792	—
United Kingdom	70	107,275,623	2,370,781	943,020	234,792	560,091	50,059	195,168	—	40,352	228,636	—
West Germany	7	90,226,964	1,676,578	723,243	228,838	612,642	51,991	177,434	—	—	—	—
Africa, total	6	97,155,638	1,520,516	583,480	81,588	274,603	41,867	51,489	—	24,442	81,588	—
South Africa (including Namibia)	4	95,073,551	1,378,951	498,519	73,051	233,876	33,016	41,646	—	1,179	73,051	—
Asia, total	28	148,806,895	5,287,181	2,182,554	325,553	887,815	78,614	266,950	—	40,653	325,553	—
Hong Kong	13	119,006,430	3,679,089	1,494,560	231,373	591,293	57,417	189,589	—	39,602	231,373	—
Indonesia	4	8,874,707	146,646	55,015	20,901	70,539	11,679	18,266	—	23,263	20,901	—
Japan (including Okinawa and Ryukyu)	20	141,264,633	4,678,763	1,904,033	300,068	826,156	69,364	261,556	—	25,493	300,068	—
Philippines	7	81,823,626	2,455,047	950,811	197,824	529,326	42,871	166,508	—	24,442	197,824	—
Oceania, total	9	106,236,358	2,818,915	1,059,816	276,878	673,510	65,774	230,978	—	39,602	276,878	—
Australia	9	100,236,358	2,818,915	1,059,816	276,878	673,510	65,774	230,978	—	39,602	276,878	—
Puerto Rico and U.S. Possessions, total	19	123,601,878	3,512,002	1,461,351	266,914	664,321	67,144	215,811	—	39,710	266,914	—
OPEC countries, total (included above)	8	89,599,876	1,955,462	738,292	208,420	520,070	43,650	174,328	—	24,442	208,420	—
Tax haven countries, total (included above)	28	149,059,521	4,977,143	2,009,418	326,797	847,662	75,864	271,330	—	39,669	326,797	—

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country								Taxable income (less loss) before loss recapture			
	Gross income (less loss) excluding branch operations and specially allocable income					Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income	Specially allocable income (Section 853(b))	Other than from branch operations and specially allocable income
	Total	Dividends	Dividend gross-up	Interest	Other							
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Retail trade												
All geographic areas, total	1,224,386	486,428	290,420	74,605	372,933	—	360,670	—	855,609	92,630	63	863,716
Canada	340,717	162,839	135,252	19,571	23,056	—	21,664	—	316,104	—	51	319,053
Latin America, total	—	10,471	1,293	3,498	—	—	4,348	—	12,389	1,237	1	13,616
Mexico	—	7,953	275	697	—	—	898	—	23,800	206	—	24,006
Panama (including Canal Zone)	2,674	1,026	556	—	—	—	1,409	—	1,266	—	1	1,265
Venezuela	1,036	240	100	—	695	—	501	—	535	—	—	535
Other Western Hemisphere, total	121,088	86,428	14,746	18,890	1,024	—	11,210	—	108,155	—	—	109,677
The Bahamas	19,287	—	—	18,890	397	—	3,857	—	15,430	—	—	15,430
Bermuda	4,267	2,192	1,805	—	270	—	736	—	1,899	—	—	3,531
Europe, total	241,899	103,005	32,457	17,400	89,037	—	54,147	—	187,674	—	—	187,792
Austria	3,966	1,487	1,440	—	1,039	—	1,789	—	1,074	—	—	2,197
Belgium	62,063	41,412	20,281	2	369	—	5,360	—	50,157	—	—	56,704
France (including Andorra)	15,579	2,324	2,326	5,232	5,697	—	3,460	—	—	—	—	11,973
Italy (including San Marino)	4,752	85	—	188	4,479	—	3,460	—	1,643	351	—	1,291
Netherlands	2,285	329	461	681	2,508	—	9,282	—	—	—	—	2,248
Spain	2,595	98	—	—	933	—	448	—	1,853	155	—	1,853
Sweden	12,495	4,663	906	1,114	2,397	—	741	—	5,631	—	—	6,631
Switzerland	68,435	25,550	1,708	9,395	31,782	—	5,864	—	70,408	17,104	—	53,304
United Kingdom	58,637	22,364	4,801	653	30,818	—	15,131	—	53,220	2,160	—	51,060
West Germany	—	—	—	—	—	—	7,577	—	—	—	—	—
Africa, total	312	257	118	3	—	—	224	—	10,708	10,621	—	88
South Africa (including Namibia)	—	61	—	—	—	—	61	—	—	—	—	—
Asia, total	291,469	98,749	91,768	3,401	97,551	—	44,961	—	269,326	22,812	7	246,506
Hong Kong	49,420	29,027	4,139	457	15,787	—	9,661	—	39,782	23	—	39,760
Indonesia	365	—	—	10	355	—	2	—	2,604	2,241	—	353
Japan (including Okinawa and Ryukyu)	192,228	69,328	87,385	2,729	32,767	—	22,997	—	168,606	—	6	169,303
Philippines	1,063	27	18	—	1,016	—	280	—	1,320	537	—	783
Oceania, total	50,431	17,584	12,876	9,267	10,923	—	3,910	—	55,401	8,880	—	46,521
Australia	48,172	17,564	12,676	7,696	10,235	—	3,631	—	53,421	8,880	—	44,541
Puerto Rico and U.S. Possessions, total	158,415	6,189	1,540	2,398	148,289	—	204,854	—	2,707	51,141	4	48,439
OPEC countries, total (included above)	2,955	240	100	10	2,605	—	765	—	5,753	3,563	—	2,190
Tax haven countries, total (included above)	204,198	128,380	22,438	23,970	31,408	—	42,443	—	158,873	—	1	161,753

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Foreign taxes paid or accrued and deemed paid before reduction							
	Total	Total	Paid or accrued				Other taxes paid or accrued on	Deemed paid
			Tax withheld at source on					
			Dividends	Interest	Rents, royalties and license fees	Branch income			Other income
(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	
Retail trade								
All geographic areas, total	372,848	82,429	23,983	3,511	11,760	18,567	24,609	290,420
Canada	152,932	17,680	13,088	1,338	2,212	934	110	135,252
Latin America, total	7,431	6,137	4,656	196	820	338	329	1,293
Mexico	5,175	4,900	4,370	144	120	49	218	275
Panama (including Canal Zone)	799	243	54	—	190	—	—	556
Venezuela	214	113	48	—	65	—	—	100
Other Western Hemisphere, total	14,816	70	37	—	—	—	33	14,746
The Bahamas	—	—	—	—	—	—	—	—
Bermuda	1,805	—	—	—	—	—	—	1,805
Europe, total	45,469	13,012	3,965	213	400	3,748	4,687	32,457
Austria	1,514	74	—	—	—	—	—	1,440
Belgium	20,763	482	—	—	—	—	—	20,281
France (including Andorra)	3,124	798	368	211	219	2	—	2,326
Italy (including San Marino)	208	208	13	—	35	99	59	—
Netherlands	786	325	173	—	136	—	—	461
Spain	700	309	30	—	—	—	—	391
Sweden	30	209	—	—	—	—	—	—
Switzerland	1,205	1,600	480	—	—	—	—	996
United Kingdom	3,307	1,600	1,806	—	—	—	—	1,708
West Germany	14,008	9,207	—	—	—	1,120	—	4,801
Africa, total	2,406	2,290	73	1	784	2,773	4,626	1,708
South Africa (including Namibia)	10	10	8	—	—	—	—	—
Asia, total	100,518	8,759	354	159	6,117	1,393	727	91,768
Hong Kong	4,846	708	—	43	472	173	20	4,139
Indonesia	1,082	—	—	—	301	779	—	—
Japan (including Okinawa and Ryukyu)	91,038	3,653	236	110	3,101	—	206	87,385
Philippines	304	287	—	—	127	160	—	18
Oceania, total	15,989	3,313	1,096	928	945	344	—	12,676
Australia	15,767	3,090	1,096	770	879	344	—	12,676
Puerto Rico and U.S. Possessions, total	32,717	31,177	713	678	659	10,404	18,723	1,540
OPEC countries, total (included above)	1,540	1,440	48	2	446	779	165	100
Tax haven countries, total (included above)	24,682	2,244	728	85	1,099	173	150	22,438
Footnotes at end of table.								

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources								Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before less recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for so-called foreign loss	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Finance, insurance and real estate, total												
All geographic areas, total	946	3,168,573,849	24,684,273	8,374,354	2,261,523	10,619,505	1,572,063	608,338	863	539,005	2,261,523	—
Canada	431	2,656,940,294	21,513,304	7,043,396	2,111,260	9,621,931	1,494,851	579,016	863	392,064	2,111,260	—
Latin America, total	195	2,506,212,763	15,402,750	5,081,194	2,093,860	9,642,447	1,477,382	569,757	863	457,896	2,093,860	—
Brazil	101	2,184,229,954	12,261,599	4,014,289	2,015,531	9,217,938	1,410,606	560,252	—	443,480	2,015,531	—
Ecuador	49	1,370,351,100	5,913,168	2,129,824	1,549,072	6,402,296	1,106,113	481,796	863	263,447	1,549,072	—
Mexico	163	2,344,686,948	14,372,395	4,710,645	2,023,130	9,414,715	1,439,167	535,129	863	380,754	2,023,130	—
Panama (including Canal Zone)	52	1,577,299,571	10,256,531	3,263,401	1,592,523	7,289,793	1,152,518	489,276	—	226,004	1,592,523	—
Venezuela	75	1,692,474,765	6,126,053	2,869,638	1,749,840	7,478,667	1,265,303	513,036	—	316,790	1,749,840	—
Other Western Hemisphere, total	96	2,216,503,549	13,581,719	4,376,542	1,951,462	9,038,885	1,366,681	559,585	—	370,992	1,951,462	—
The Bahamas	52	1,652,876,105	8,792,328	2,929,671	1,727,186	7,434,679	1,260,956	506,936	—	284,158	1,727,186	—
Bermuda	37	966,956,385	4,241,922	1,464,725	1,018,392	4,444,866	876,254	242,485	—	11,036	1,018,392	—
Netherlands Antilles	48	1,656,562,694	9,781,062	3,246,779	1,727,266	7,492,695	1,205,865	496,891	—	343,254	1,727,266	—
Europe, total	407	2,761,104,952	19,421,145	6,395,625	2,709,119	9,970,592	1,480,267	592,140	863	436,888	2,709,119	—
Austria	36	1,461,754,761	9,499,077	2,954,353	1,722,682	7,224,670	1,217,026	518,703	—	242,948	1,722,682	—
Belgium	56	1,716,561,180	11,019,420	3,403,419	1,789,827	7,992,074	1,307,705	510,220	863	254,363	1,789,827	—
Denmark	64	1,555,608,267	9,538,853	2,954,749	1,690,685	7,106,224	1,220,849	505,511	—	219,929	1,690,685	—
France (including Andorra)	53	1,998,668,847	12,304,187	3,939,793	1,901,119	8,494,742	1,360,623	569,745	—	337,557	1,901,119	—
Italy (including San Marino)	71	1,904,860,533	11,258,500	3,581,412	1,917,006	8,471,157	1,357,220	556,856	863	271,191	1,917,006	—
Luxembourg	29	1,329,360,210	8,507,127	2,712,629	1,504,416	5,516,139	1,064,152	481,600	—	235,381	1,504,416	—
Netherlands	22	2,144,191,886	14,885,213	4,696,547	1,828,412	8,478,123	1,352,386	548,156	863	373,788	1,828,412	—
Norway	76	1,265,726,001	8,021,158	2,406,459	1,086,611	5,253,328	928,441	270,024	—	311,804	1,086,611	—
Spain	69	1,869,915,807	11,047,793	3,536,935	1,868,467	8,196,111	1,309,208	548,156	863	221,286	1,868,467	—
Sweden	81	1,865,476,876	11,894,298	3,860,472	1,800,954	7,912,421	1,305,526	517,483	—	221,286	1,800,954	—
Switzerland	63	2,333,388,915	15,271,679	4,973,116	2,029,047	9,422,413	1,427,505	574,282	863	373,030	2,029,047	—
United Kingdom	209	1,965,669,352	12,223,241	3,928,255	1,931,941	8,439,147	1,351,375	562,100	—	308,811	1,931,941	—
West Germany	34	2,031,548,420	12,453,316	3,948,768	1,920,990	8,416,370	1,368,205	545,800	863	378,210	1,920,990	—
Africa, total	220	2,031,548,420	12,453,316	3,948,768	1,920,990	8,416,370	1,368,205	545,800	863	378,210	1,920,990	—
Liberia	20	956,808,636	4,582,927	1,582,155	1,368,714	5,554,433	995,453	422,083	—	184,614	1,368,714	—
South Africa (including Namibia)	194	1,580,494,831	10,023,693	3,080,422	1,424,417	6,163,730	1,137,630	347,650	863	151,862	1,424,417	—
Asia, total	174	2,582,197,700	17,265,933	5,591,013	2,100,101	9,761,899	1,484,945	573,432	863	468,067	2,100,101	—
Hong Kong	71	1,868,011,462	11,415,339	3,642,164	1,886,548	8,016,178	1,337,407	544,264	—	285,289	1,886,548	—
Indonesia	39	1,526,930,176	7,582,566	2,662,308	1,848,569	7,549,969	1,328,230	510,876	863	273,480	1,848,569	—
Japan (including Okinawa and Ryukyu)	134	2,309,055,844	15,189,862	4,847,309	2,000,682	9,019,475	1,432,389	548,248	863	326,403	2,000,682	—
Philippines	50	1,836,190,459	10,971,319	3,462,275	1,854,743	8,164,262	1,336,483	516,419	—	326,403	1,854,743	—
Oceania, total	136	2,211,113,969	15,147,416	4,812,383	1,876,766	9,141,268	1,407,076	584,278	—	346,468	1,876,766	—
Australia	130	2,184,044,800	14,946,560	4,737,291	1,871,819	9,095,150	1,401,586	584,226	—	345,561	1,871,819	—
Puerto Rico and U.S. Possessions, total	118	1,813,893,532	15,207,358	4,913,905	1,777,070	8,809,288	1,212,494	551,386	863	304,276	1,777,070	—
OPEC countries, total (included above)	85	1,985,985,086	9,872,873	3,599,794	1,858,548	8,661,678	1,496,406	542,397	863	358,329	1,958,548	—
Tax haven countries, total (included above)	279	2,556,239,054	17,705,949	5,788,947	2,045,815	9,698,249	1,438,344	583,850	863	373,689	2,045,815	—

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country										Taxable income (less loss) before less recapture	
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction gross income (less loss)	Deductions from new branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income	Specialty allocable income (Section 863(b))	Other than from branch operations and specialty allocable income
(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Finance, insurance and real estate, total												
All geographic areas, total	21,559,140	1,572,343	608,343	15,921,461	3,456,993	6,110	15,241,411	6,252	10,619,505	4,291,240	16,536	6,317,729
Canada	1,970,158	184,229	81,817	1,340,024	384,087	—	1,071,262	—	1,069,907	165,717	2,294	898,898
Latin America, total	5,260,114	72,635	45,527	5,013,492	149,458	—	3,962,222	—	2,204,656	886,663	701	1,317,892
Brazil	1,670,085	27,738	35,014	1,566,334	40,999	—	2,248,768	—	778,144	358,824	3	421,317
Ecuador	39,587	103	25	38,040	1,418	—	29,581	—	17,000	5,994	—	11,006
Mexico	1,599,430	6,847	1,853	1,526,520	64,210	—	1,204,338	—	429,872	14,779	1	395,092
Panama (including Canal Zone)	92,159	12,858	551	1,273,737	5,013	—	77,333	—	26,379	11,507	46	14,826
Venezuela	290,489	39	1	279,314	11,136	—	220,680	—	64,304	—2,412	7	66,709
Other Western Hemisphere, total	1,672,178	280,720	18,669	1,381,070	—6,481	—	1,143,123	—	903,880	374,850	75	529,055
The Bahamas	795,306	22,485	76	769,307	3,438	—	521,094	—	625,286	351,074	—	274,212
Bermuda	118,398	30,535	47	101,968	—14,151	—	87,098	—	31,358	—	—	31,300
Netherlands Antilles	389,432	223,353	16,600	131,244	—1,766	—	185,024	—	214,960	30,551	56	184,408
Europe, total	8,011,889	825,287	414,558	3,205,215	1,568,847	16	4,014,212	(1)	3,912,424	1,913,177	1,571	1,997,876
Austria	35,282	4,337	2,827	24,438	3,680	—	15,987	—	32,268	12,993	—	19,295
Belgium	199,627	21,617	11,509	127,173	39,523	—	123,271	—	478,745	402,194	—	76,551
Denmark	47,638	1,561	883	38,243	8,951	—	30,324	—	30,378	13,064	—	17,314
France (including Andorra)	316,146	8,218	4,845	238,347	64,733	—	265,281	—	358,511	307,613	33	50,865
Italy (including San Marino)	1,016,653	380,795	205,122	175,535	255,211	—	237,173	—	820,348	140,628	29	779,489
Luxembourg	64,957	21,199	10,846	43,084	32,259	—	34,322	—	3,526	47,291	20	30,636
Netherlands	121,870	13,766	1,657	74,189	32,259	—	103,771	(1)	15,723	20,180	11	18,100
Norway	24,632	161	4	24,471	1,844	—	39,921	—	140,382	—	53	8,903
Spain	137,703	3,504	1,410	136,024	10,302	—	123,793	—	29,252	—	—	2,659
Sweden	68,783	1,950	1,135	61,624	14,074	—	59,921	—	3,526	—	—	28,862
Switzerland	22,688	7,051	3,581	15,000	8,082	—	301,898	—	1,371,115	—122,009	26	125,604
United Kingdom	427,502	262,928	115,182	1,500,068	358,725	—	1,570,313	—	260,236	116,548	116	668,626
West Germany	421,182	78,430	50,793	211,546	80,413	—	257,611	—	1,371,115	—	—	163,571
Africa, total	248,092	49,388	32,903	154,842	9,160	—	165,795	—	92,238	12,634	—698	80,298
Liberia	12,832	6,325	—	5,147	1,359	—	5,587	—	5,937	—1,308	—	7,245
South Africa (including Namibia)	92,824	8,839	6,129	72,718	4,139	—	56,179	—	36,800	2	156	36,645
Asia, total	2,288,762	40,064	16,794	1,913,306	322,658	6,094	1,634,096	6,252	1,222,601	569,368	570	652,666
Hong Kong	189,356	11,171	1,866	166,024	10,302	—	145,779	—	106,897	53,116	3	43,577
Indonesia	35,451	687	199	32,763	10,722	—	26,799	—	86,759	30,434	7	5,174
Japan (including Okinawa and Ryukyu)	1,265,654	22,688	748	1,015,810	226,757	—	926,799	—	542,476	153,553	68	388,855
Philippines	151,112	2,232	229	139,417	9,235	—	109,828	—	69,338	27,884	170	41,284

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Foreign taxes paid or accrued and deemed paid before reduction							
	Total	Paid or accrued				Other taxes paid or accrued on		Deemed paid
		Total	Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Finance, insurance and real estate, total								
All geographic areas, total	2,180,400	1,572,063	95,974	816,461	8,030	761,227	90,358	808,338
Canada	197,756	145,939	5,836	14,243	1,271	63,878	30,912	81,817
Latin America, total	695,546	650,019	45,643	505,794	2,802	93,322	2,454	45,527
Brazil	448,367	411,355	39,191	320,976	77	49,992	1,117	35,014
Ecuador	841	816	12	528	568	11,328	698	1,853
Mexico	132,473	130,620	3,701	114,321	308	1,286	9	551
Panama (including Canal Zone)	2,283	1,712	—	308	53	621	20	1
Venezuela	6,860	6,860	5	6,161	—	319	2,701	16,689
Other Western Hemisphere, total	26,971	10,101	2,857	4,424	1	—	(1)	76
The Bahamas	72	—	—	—	—	—	—	47
Bermuda	22,591	5,991	2,662	454	—	175	2,899	16,900
Netherlands Antilles	634,217	419,661	33,665	13,299	878	339,629	31,989	414,558
Europe, total	3,965	1,138	381	—	—	—	299	2,827
Austria	92,641	81,131	3,254	—	2	491	2	883
Belgium	1,857	974	—	—	253	30,438	453	4,845
Denmark	36,392	31,517	380	313	7	18,108	4	205,122
France (including Andorra)	225,952	20,830	1,579	3,133	—	1,061	83	10,846
Italy (including San Marino)	12,998	2,152	1,008	—	—	1,999	150	1,567
Luxembourg	5,716	4,060	1,255	655	—	—	—	4
Netherlands	20	17	—	2,712	74	26,619	11,202	1,410
Norway	42,652	41,242	635	—	—	15,023	501	7,051
Spain	1,399	264	248	221	—	109,420	18,394	115,180
Sweden	25,657	18,606	2,861	5,806	464	27,738	775	50,793
Switzerland	260,245	145,065	10,881	395	64	—	—	—
United Kingdom	69,787	38,994	10,022	—	—	14,526	2,538	32,900
West Germany	52,059	19,159	2,010	38	47	—	—	—
Africa, total	978	814	20	—	—	978	12	6,126
Liberia	7,084	958	—	—	—	—	—	10,734
South Africa (including Namibia)	284,442	273,708	4,211	38,011	1,816	222,774	6,895	1,860
Asia, total	5,065	3,205	27	1,379	68	1,730	1	199
Hong Kong	32,799	155	155	17,750	113	13,906	4,648	748
Indonesia	119,584	118,836	599	9,063	228	104,300	97	229
Japan (including Okinawa and Ryukyu)	21,268	21,039	245	6,001	—	13,782	—	—
Oceania, total	40,204	35,284	1,675	14,239	166	17,745	1,260	4,920
Australia	34,987	32,453	1,818	13,594	127	15,688	1,256	2,505
Puerto Rico and U.S. Possessions, total	18,404	18,028	289	829	—	6,452	10,359	378
OPEC countries, total (included above)	50,054	46,459	2,767	24,457	217	17,403	1,614	3,805
Tax haven countries, total (included above)	50,054	50,053	8,238	3,881	1,135	34,068	3,542	44,853

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources								Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Banking												
All geographic areas, total	145	1,930,135,490	7,565,112	2,916,936	1,769,474	8,107,227	1,324,005	400,992	—	425,633	1,769,474	—
Canada	70	1,563,278,224	6,327,511	2,384,426	1,656,717	7,266,963	1,265,150	398,785	—	295,694	1,656,717	—
Latin America, total	107	1,799,651,275	6,995,799	2,672,309	1,706,124	7,888,267	1,293,407	400,795	—	361,870	1,706,124	—
Brazil	84	1,686,200,298	6,632,213	2,514,510	1,685,228	7,706,456	1,281,243	400,744	—	361,230	1,685,228	—
Ecuador	40	1,184,079,428	4,487,262	1,755,067	1,423,888	5,808,949	1,055,460	376,255	—	269,826	1,423,888	—
Mexico	89	1,724,404,205	6,703,138	2,557,216	1,677,874	7,666,278	1,278,744	398,785	—	303,358	1,677,874	—
Panama (including Canal Zone)	37	1,142,566,585	4,812,987	1,857,048	1,421,407	6,221,870	1,081,784	375,203	—	195,947	1,421,407	—
Venezuela	61	1,476,849,484	5,871,200	2,214,593	1,622,559	6,651,440	1,221,742	398,719	—	303,084	1,622,559	—
Other Western Hemisphere, total	54	1,481,928,294	5,728,947	2,180,756	1,614,698	7,256,879	1,224,694	398,785	—	289,584	1,614,698	—
The Bahamas	43	1,402,819,051	5,509,500	2,095,149	1,599,533	6,866,116	1,211,612	398,568	—	269,826	1,599,533	—
Bermuda	17	805,382,234	2,936,509	1,180,343	943,586	4,030,215	847,294	180,678	—	6,954	943,586	—
Netherlands Antilles	27	1,150,031,082	4,618,724	1,764,523	1,457,022	6,361,678	1,085,789	378,260	—	269,204	1,457,022	—
Europe, total	78	1,739,536,665	6,677,556	2,523,400	1,687,911	7,672,804	1,267,320	400,941	—	332,510	1,687,911	—
Austria	24	1,047,926,924	4,462,698	1,700,097	1,444,225	5,780,105	1,089,707	392,603	—	186,052	1,444,225	—
Belgium	37	1,187,013,430	5,067,743	1,903,741	1,520,235	6,902,945	1,162,805	396,366	—	196,824	1,520,235	—
Denmark	30	1,135,493,687	4,698,853	1,750,448	1,457,403	5,870,138	1,102,874	392,603	—	196,054	1,457,403	—
France (including Andorra)	45	1,371,525,470	5,531,997	2,082,720	1,560,133	6,694,187	1,202,830	397,405	—	159,824	2,082,720	—
Italy (including San Marino)	46	1,422,562,769	5,531,518	2,131,443	1,608,724	6,944,543	1,219,856	398,784	—	272,190	1,608,724	—
Luxembourg	17	863,041,474	3,977,449	1,521,674	1,205,647	4,500,759	931,398	372,743	—	186,824	1,521,674	—
Netherlands	40	1,262,036,434	5,196,457	1,938,397	1,494,471	6,273,956	1,138,415	398,567	—	231,651	1,938,397	—
Norway	24	852,786,516	2,909,484	1,168,799	944,471	4,164,332	856,059	178,198	—	25,912	1,168,799	—
Spain	51	1,421,755,633	5,811,719	2,208,257	1,618,484	7,145,784	1,233,252	398,567	—	184,461	2,208,257	—
Sweden	34	1,216,624,295	4,963,252	1,864,961	1,500,686	6,221,224	1,143,232	397,122	—	277,720	1,864,961	—
Switzerland	36	1,235,541,114	5,185,775	1,954,201	1,533,313	6,415,061	1,175,885	397,385	—	194,471	1,954,201	—
United Kingdom	55	1,510,660,347	5,840,376	2,204,872	1,620,080	7,328,582	1,229,983	398,785	—	271,690	2,204,872	—
West Germany	41	1,369,607,884	5,516,565	2,038,677	1,605,520	6,769,818	1,206,176	398,525	—	234,947	2,038,677	—
Africa, total	39	1,386,889,627	5,462,723	2,062,057	1,615,974	6,856,119	1,209,820	400,743	—	323,264	1,615,974	—
Liberia	16	870,970,473	3,809,482	1,477,441	1,305,869	5,187,173	963,489	371,183	—	193,584	1,305,869	—
South Africa (including Namibia)	19	958,787,250	3,428,127	1,333,534	1,119,882	4,624,886	981,925	202,592	—	99,815	1,119,882	—
Asia, total	67	1,841,822,780	6,513,662	2,450,584	1,695,292	7,620,756	1,263,377	400,795	—	372,441	1,695,292	—
Hong Kong	40	1,238,576,318	5,565,552	2,095,692	1,605,187	6,629,984	1,208,517	398,307	—	234,124	2,095,692	—
Indonesia	29	1,279,396,164	5,420,625	2,035,971	1,615,975	6,660,957	1,210,898	398,092	—	249,763	2,035,971	—
Japan (including Okinawa and Ryukyu)	25	1,474,036,163	6,176,991	2,329,831	1,694,457	7,138,320	1,246,595	398,637	—	319,725	2,329,831	—
Philippines	35	1,364,997,293	5,438,305	2,050,571	1,601,698	6,814,822	1,214,653	398,568	—	268,950	2,050,571	—
Oceania, total	53	1,491,601,883	6,064,226	2,280,348	1,628,069	7,240,331	1,239,809	398,637	—	271,419	2,280,348	—
Puerto Rico and U.S. Possessions, total	17	916,771,141	4,258,665	1,623,696	1,380,006	4,768,315	1,012,739	390,255	—	210,870	1,623,696	—
OPEC countries, total (included above)	66	1,576,891,438	6,289,368	2,366,063	1,688,117	7,450,672	1,268,848	398,785	—	303,084	2,366,063	—
Tax haven countries, total (included above)	70	1,614,232,453	6,374,257	2,401,725	1,643,453	7,510,066	1,256,942	398,682	—	275,905	2,401,725	—

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country											Taxable income (less loss) before loss recapture				
	Gross income (less loss) excluding branch operations and specially allocable income					Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income								
	Total	Dividends	Dividend gross-up	Interest	Other				Total	Foreign branch income	Specially allocable income (Section 863(b))	Other than from branch operations and specially allocable income				
	(12)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)				
Banking																
All geographic areas, total.....	15,895,500	935,731	400,992	13,398,257	1,160,519	—	11,691,953	—	8,107,227	3,903,680	(1)	4,203,547				
Canada.....	614,244	810	907	529,438	83,089	—	517,312	—	100,742	3,809	—	96,932				
Latin America, total.....	5,156,498	85,414	42,983	4,935,510	112,591	—	3,901,239	—	2,139,946	884,686	—	1,255,259				
Brazil.....	1,663,472	26,245	34,612	1,564,445	38,169	—	1,246,882	—	773,397	356,807	—	416,590				
Ecuador.....	39,390	103	25	38,029	1,232	—	28,458	—	17,262	6,332	—	10,931				
Mexico.....	1,534,642	6,591	1,838	1,474,244	21,569	—	1,180,009	—	389,412	34,779	—	354,633				
Panama (including Canal Zone).....	81,408	12,148	541	65,403	3,316	—	68,679	—	25,058	12,329	—	12,730				
Venezuela.....	280,859	23	1	279,297	1,539	—	217,692	—	61,131	2,067	—	63,197				
Other Western Hemisphere, total.....	1,545,526	193,841	5,274	1,344,848	1,782	—	1,072,185	—	848,228	374,887	—	473,361				
The Bahamas.....	783,966	22,157	18	759,408	2,382	—	513,580	—	621,459	351,074	—	270,386				
Bermuda.....	99,944	—	—	99,998	247	—	67,218	—	32,726	—	—	32,726				
Netherlands Antilles.....	278,313	171,684	5,256	106,474	7,101	—	141,928	—	166,953	30,568	—	136,385				
Europe, total.....	3,874,352	574,823	312,138	2,211,896	475,495	—	2,255,279	—	3,127,320	1,808,248	—	1,319,074				
Austria.....	27,541	2,213	1,071	22,031	2,227	—	14,022	—	23,448	9,929	—	13,519				
Belgium.....	159,572	21,318	11,509	117,985	8,759	—	94,881	—	466,334	401,643	—	64,691				
Denmark.....	27,831	—	—	25,610	2,221	—	19,425	—	21,470	13,064	—	8,406				
France (including Andorra).....	224,968	5,297	2,987	188,384	28,300	—	206,513	—	325,462	307,007	—	18,455				
Italy (including San Marino).....	979,587	374,092	199,410	167,969	236,116	—	223,910	—	894,507	138,729	—	755,777				
Luxembourg.....	21,957	1,276	567	13,151	963	—	22,462	—	2,301	2,806	—	505				
Netherlands.....	79,807	2,019	695	64,967	12,127	—	80,099	—	26,785	27,076	—	5,698				
Norway.....	18,170	—	—	16,447	1,721	—	13,072	—	5,098	102,605	—	10,317				
Spain.....	117,990	2,310	1,028	77,738	36,914	—	128,307	—	14,563	373	—	14,280				
Sweden.....	41,778	10	—	31,491	10,277	—	27,499	—	106,099	135,112	—	29,013				
Switzerland.....	73,879	10,948	4,425	47,435	11,072	—	44,886	—	958,095	697,305	—	260,791				
United Kingdom.....	1,305,452	82,304	49,539	1,092,715	80,495	—	1,044,662	—	235,907	117,074	—	118,833				
West Germany.....	264,386	64,420	40,266	125,858	33,842	—	145,553	—	79,142	8,475	—	89,667				
Africa, total.....	221,166	43,956	31,263	144,268	1,881	—	151,499	—	30,879	1,308	—	30,879				
Liberia.....	11,372	6,317	—	5,042	13	—	4,884	—	5,179	—	—	6,488				
South Africa (including Namibia).....	83,912	4,824	7,477	72,714	1,626	—	83,033	—	990,150	522,409	—	467,741				
Asia, total.....	1,849,874	25,769	7,028	1,727,726	189,351	—	1,482,133	—	96,066	65,060	—	31,007				
Hong Kong.....	151,054	6,146	1,251	136,592	7,065	—	126,048	—	30,114	25,319	—	4,795				
Indonesia.....	28,693	585	164	23,793	4,150	—	23,898	—	389,871	151,543	—	238,328				
Japan (including Okinawa and Ryukyu).....	1,034,972	8,054	186	899,803	126,929	—	798,544	—	64,993	25,197	—	39,796				
Philippines.....	148,688	2,217	229	137,995	8,247	—	108,892	—	71,443	5,680	—	65,763				
Oceania, total.....	214,279	5,190	1,138	193,231	14,719	—	148,498	—	7,410	10,414	—	3,004				
Puerto Rico and U.S. Possessions, total.....	57,355	275	261	51,757	5,061	—	54,251	—	133,111	34,535	—	98,576				
OPEC countries, total (included above).....	414,664	4,280	3,392	394,901	12,111	—	316,089	—	1,248,890	614,451	—	634,439				
Tax haven countries, total (included above).....	2,071,956	249,145	17,098	1,754,132	51,571	—	1,437,517	—								

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Foreign taxes paid or accrued and deemed paid before reduction							
	Paid or accrued							
	Total	Total	Tax withheld at source on			Other taxes paid or accrued on		Deemed paid
			Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Banking								
All geographic areas, total	1,724,997	1,324,005	74,747	585,778	4,288	634,561	24,631	400,992
Canada	16,901	15,994	89	5,230	489	8,331	3,855	907
Latin America, total	679,423	636,440	44,857	495,341	1,838	92,455	1,849	42,983
Brazil	441,995	407,384	38,812	317,531	51	49,935	1,055	34,612
Ecuador	713	688	12	525	18	132	—	25
Mexico	126,712	124,874	3,614	109,127	279	11,328	525	1,838
Panama (including Canal Zone)	2,137	1,536	—	308	—	1,286	—	541
Venezuela	6,838	6,838	5	6,161	52	620	—	—
Other Western Hemisphere, total	15,215	9,940	2,662	4,275	—	305	2,699	5,274
The Bahamas	18	—	—	—	—	—	—	—
Bermuda	—	—	—	—	—	—	—	—
Netherlands Antilles	11,202	5,946	—	—	—	—	—	—
Europe, total	674,377	362,239	2,662	410	—	175	2,699	5,256
Austria	1,252	181	—	—	—	—	—	—
Belgium	91,831	80,322	3,210	—	—	—	—	—
Denmark	491	491	—	—	—	71	—	1,071
France (including Andorra)	34,202	31,215	343	12	—	77,109	3	11,509
Italy (including San Marino)	218,992	19,582	1,433	3,131	18	30,382	450	2,987
Luxembourg	1,652	1,065	23	—	—	15,012	—	199,410
Netherlands	1,069	374	—	266	—	1,061	1	567
Norway	(1)	(1)	—	—	—	—	—	—
Spain	41,067	40,037	417	—	—	—	—	695
Sweden	18	2	—	—	—	—	—	—
Switzerland	166,519	116,581	1,480	2,269	40	26,391	10,919	1,028
United Kingdom	75,764	35,499	7,802	125	—	12,648	—	—
West Germany	—	—	—	3,236	—	—	—	—
Africa, total	47,260	15,998	1,859	38	25	104,312	2,738	49,338
Liberia	978	978	—	—	—	26,864	769	40,266
South Africa (including Namibia)	5,513	766	724	19	22	—	—	—
Asia, total	245,171	238,144	3,025	34,798	440	13,774	302	31,263
Hong Kong	4,035	2,784	2	—	—	978	—	—
Indonesia	29,564	20,499	117	19	—	—	1	4,747
Japan (including Okinawa and Ryukyu)	105,968	105,782	27	1,379	—	—	—	—
Philippines	20,512	20,283	242	1,117	—	1,403	—	1,251
Oceania, total	15,855	14,717	216	7,064	100	12,409	—	164
Puerto Rico and U.S. Possessions, total	3,290	3,029	44	6,901	9	98,587	97	186
OPEC countries, total (included above)	45,943	42,551	2,704	13,213	63	13,035	229	229
Tax haven countries, total (included above)	51,081	34,073	4,388	7	—	1,224	307	1,138
Footnotes at end of table.						2,671	307	261
						15,799	300	3,382
						23,744	2,703	17,008

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources								Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less asset from foreign sources before loss recapture)	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Insurance												
All geographic areas, total	148	814,032,716	12,319,955	3,579,635	235,791	1,611,338	145,250	91,787	863	49,426	235,791	—
Canada	125	804,274,739	12,051,446	3,477,231	235,150	1,608,688	144,581	91,782	863	49,132	235,150	—
Latin America, total	23	501,745,362	6,812,882	1,678,945	191,380	1,302,814	106,547	90,185	863	43,577	191,380	—
Brazil	8	344,930,630	4,296,054	950,738	141,229	991,044	59,328	90,185	863	34,202	141,229	—
Ecuador	6	181,965,901	1,097,292	199,087	91,784	501,294	47,402	74,996	863	12,412	91,784	—
Mexico	18	464,381,176	6,023,973	1,509,347	169,636	1,219,164	89,647	90,185	863	35,779	169,636	—
Panama (including Canal Zone)	10	363,309,288	4,441,254	996,875	110,999	884,872	59,686	81,237	—	12,562	110,999	—
Venezuela	8	162,490,913	1,604,707	365,761	84,010	430,661	34,580	79,054	—	12,562	84,010	—
Other Western Hemisphere, total	18	470,195,187	5,968,997	1,314,219	149,954	1,145,888	65,221	90,185	—	37,062	149,954	—
The Bahamas	5	247,462,866	2,886,021	654,257	90,642	465,955	45,023	76,667	—	10,915	90,642	—
Bermuda	10	128,084,478	1,155,184	230,344	66,873	388,097	28,542	54,994	—	2,702	66,873	—
Netherlands Antilles	8	279,989,027	3,442,797	832,622	128,008	625,241	49,655	86,329	—	34,510	128,008	—
Europe, total	53	668,839,313	9,159,706	2,483,996	209,795	1,468,854	123,276	90,190	863	45,561	209,795	—
Austria	9	332,512,768	4,341,580	948,913	134,858	1,005,700	65,747	86,125	—	24,558	134,858	—
Belgium	12	447,218,007	5,445,212	1,312,731	161,195	1,165,934	86,277	86,127	863	34,052	161,195	—
Denmark	9	338,606,174	4,233,190	898,903	91,676	809,092	58,301	53,119	—	—	91,676	—
France (including Andorra)	15	420,859,082	5,126,851	1,204,058	165,801	1,185,022	86,789	90,185	863	34,202	165,801	—
Italy (including San Marino)	8	295,545,649	3,308,781	739,717	92,944	564,189	65,794	49,263	863	34,202	147,588	—
Luxembourg	11	333,007,666	4,495,246	955,973	101,521	906,007	64,530	57,182	—	1,381	92,732	—
Netherlands	29	583,840,342	7,210,547	1,705,962	147,580	1,258,824	95,244	81,242	863	19,032	147,580	—
Norway	9	315,680,529	4,114,232	878,575	92,732	808,927	51,975	57,177	863	18,713	138,959	—
Spain	9	434,719,158	4,885,158	1,033,862	138,959	1,090,359	90,242	77,179	863	12,711	88,255	—
Sweden	16	241,137,182	4,107,216	869,951	89,255	836,514	52,879	53,119	863	44,021	137,455	—
Switzerland	35	525,937,558	6,803,142	1,732,691	197,455	1,340,410	112,423	90,185	863	42,041	163,588	—
United Kingdom	17	396,235,193	5,069,224	1,191,208	163,588	1,088,227	76,880	90,185	—	—	163,588	—
West Germany	17	460,215,936	5,514,878	1,293,214	132,481	1,050,845	85,890	81,237	863	11,196	132,481	—
Africa, total	17	460,215,936	5,514,878	1,293,214	132,481	1,050,845	85,890	81,237	863	11,196	132,481	—
Liberia	4	85,838,162	773,445	104,724	62,844	367,261	31,964	50,900	—	1,230	62,844	—
Asia, total	32	625,337,850	7,934,034	2,062,777	198,615	1,437,045	115,223	90,185	863	42,214	198,615	—
Hong Kong	10	347,371,697	4,224,656	907,025	108,575	864,591	58,800	81,237	—	11,024	108,575	—
Indonesia	6	166,069,224	1,472,046	323,057	91,038	484,392	55,884	54,994	863	1,381	91,038	—
Japan (including Okinawa and Ryukyu)	21	530,814,840	6,313,192	1,494,254	149,163	1,213,849	81,237	90,185	863	11,066	149,163	—
Philippines	10	390,244,203	5,198,111	1,273,849	144,689	1,032,214	63,141	90,185	—	34,241	144,689	—
Oceania, total	28	554,708,186	7,744,200	2,010,438	182,073	1,335,447	97,599	90,185	—	42,041	182,073	—
Puerto Rico and U.S. Possessions, total	35	870,199,927	9,209,076	2,598,857	206,145	1,418,265	118,144	90,185	863	45,058	206,145	—
OPEC countries, total (included above)	10	217,833,781	2,887,784	614,898	110,378	548,582	63,129	79,054	863	12,562	110,378	—
Tax haven countries, total (included above)	38	618,408,034	7,719,260	1,974,855	185,629	1,412,680	98,287	90,190	863	45,029	185,629	—

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country													
	Gross income (less loss) including branch operations and specialty allocable income					Income and taxes from specific geographic area or country				Taxable income (less loss) before loss recapture				
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specialty allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income	Specialty allocable income (Section 863(b))	Other than from branch operations and specialty allocable income		
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)		
Insurance														
All geographic areas, total	2,979,360	307,621	81,787	1,364,448	1,215,503	6,110	1,588,468	6,252	1,611,338	209,907	10,536	1,380,894		
Canada	1,100,014	59,647	31,172	801,313	207,882	—	415,402	—	839,737	152,831	2,294	684,612		
Latin America, total	87,690	4,916	2,148	65,949	14,677	—	38,161	—	53,608	1,377	701	51,529		
Brazil	3,397	178	36	963	174	—	445	—	2,973	17	3	2,952		
Ecuador	385	—	—	11	2,220	—	174	—	2,046	—	—	2,046		
Mexico	60,289	154	15	51,505	8,615	—	21,738	—	38,552	—	—	38,552		
Panama (including Canal Zone)	1,740	452	10	746	531	—	1,066	—	1,022	—	—	1,022		
Venezuela	1,018	16	—	17	985	—	853	—	—	—	—	—		
Other Western Hemisphere, total	79,900	85,570	8,285	14,682	—8,636	—	48,902	—	33,055	—17	75	32,980		
The Bahamas	9,526	70	—	8,507	949	—	5,860	—	3,666	—	—	3,666		
Bermuda	15,214	27,734	—	2,270	—14,850	—	19,683	—	—4,393	—	—	—4,393		
Netherlands Antilles	49,424	33,359	8,139	2,621	5,305	—	20,912	—	28,496	—17	56	28,512		
Europe, total	811,841	130,939	45,875	221,736	413,291	16	454,570	(1)	358,883	41	1,571	357,271		
Austria	3,517	18	—	2,407	1,092	—	1,624	—	1,894	—	—	1,894		
Belgium	28,766	299	—	9,188	19,279	—	10,520	—	9,797	551	—	9,246		
Denmark	14,783	486	—	6,618	174	—	8,214	—	6,569	—	—	6,569		
France (including Andorra)	47,416	760	—	17,850	29,007	—	30,834	—	16,509	—111	33	16,589		
Italy (including San Marino)	18,305	455	(1)	7,563	10,287	—	8,026	—	10,504	29	14	10,279		
Luxembourg	5,723	—	—	4,157	1,565	—	1,821	—	3,901	—	—	3,901		
Netherlands	30,057	8,318	37	9,096	12,608	16	18,834	(1)	11,338	104	11	11,223		
Norway	5,743	141	—	5,475	123	—	2,621	—	3,174	—	53	3,122		
Spain	8,222	482	4	4,021	3,718	—	3,662	—	4,506	—58	4	4,561		
Sweden	23,801	266	—	19,869	3,666	—	2,237	—	11,581	17	—	11,564		
Switzerland	30,426	460	—	89,952	235,822	—	21,146	—	9,280	17	—	9,280		
United Kingdom	487,995	117,422	44,798	10,728	40,710	—	259,774	—	228,298	51	26	228,271		
West Germany	51,978	540	—	40,710	41,476	—	41,476	—	10,094	—526	118	10,502		
Africa, total	11,677	4,188	1,331	4,078	2,080	—	3,015	—	7,987	2	—	8,662		
Liberia	1,460	9	—	105	1,347	—	703	—	757	—	—	757		
Asia, total	194,048	4,407	40	85,658	103,942	6,094	68,855	6,252	124,535	—1,228	570	125,193		
Hong Kong	3,839	610	3	264	2,962	—	3,091	—	1,306	—2,087	3	758		
Indonesia	6,811	102	34	6,435	8,475	6,094	6,338	6,252	1,444	—48	48	1,444		
Japan (including Okinawa and Ryukyu)	168,928	3,469	—	82,439	61,021	—	49,923	—	117,027	—2,047	68	119,035		
Philippines	2,403	15	—	1,421	967	—	914	—	1,658	—	170	1,488		
Oceania, total	94,952	20,283	2,935	39,220	32,514	—	32,525	—	130,209	87,748	34	82,427		
Puerto Rico and U.S. Possessions, total	95,034	589	—	11,510	82,836	—	88,533	—	25,996	—4,787	2,282	28,501		
OPEC countries, total (included above)	10,357	118	34	28	10,177	6,094	8,989	6,252	2,219	761	90	1,368		
Tax haven countries, total (included above)	165,251	75,635	8,335	38,197	43,083	16	103,994	(1)	58,987	—2,752	482	61,257		

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued								
	Foreign taxes paid or accrued and deemed paid before reduction								
	Total	Paid or accrued					Other taxes paid or accrued on		Deemed paid
		Total	Tax withheld at source on			Branch income	Other income		
			Dividends	Interest	Rents, royalties and license fees				
(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)		
Insurance									
All geographic areas, total	237,036	145,250	7,258	15,059	139	82,712	40,082	91,787	
Canada	119,725	88,552	1,362	8,825	62	53,038	25,265	31,172	
Latin America, total	4,012	1,884	385	727	26	552	174	2,148	
Brazil	250	214	76	3	26	57	53	36	
Ecuador	119	119	—	—	—	106	10	15	
Mexico	666	651	56	586	—	—	9	10	
Panama (including Canal Zone)	19	—	—	—	—	—	14	—	
Venezuela	15	15	—	—	—	1	1	8,285	
Other Western Hemisphere, total	8,409	124	—5	113	—	14	(1)	—	
The Bahamas	—4	—4	—5	—	—	—	—	8,139	
Bermuda	8,148	9	—	9	—	(1)	—	—	
Netherlands Antilles	65,708	19,833	4,633	2,603	33	6,223	6,341	45,875	
Europe, total	—	—	—	—	—	469	104	—	
Austria	617	617	45	—	—	—	2	—	
Belgium	417	417	414	—	—	—	3	—	
Denmark	—52	—52	—55	—	—	645	4	—	
France (including Andorra)	668	668	18	—	—	—	82	—	
Italy (including San Marino)	82	82	—	—	—	1,575	150	37	
Luxembourg	2,905	2,868	756	387	—	—	—	4	
Netherlands	19	15	15	54	33	228	(1)	—	
Norway	405	405	90	—	—	13	—	—	
Spain	78	78	65	(1)	—	14	386	44,798	
Sweden	408	408	—	—	—	2,395	5,486	—	
Switzerland	57,722	12,925	2,883	2,160	—	—	—	—	
United Kingdom	1,267	1,267	394	—	—	(1)	5	1,331	
West Germany	1,339	6	3	1	—	—	—	6	
Africa, total	—	—	—	—	17	4,309	3,489	40	
Liberia	8,439	8,389	561	22	—	300	1	3	
Asia, total	304	301	(1)	—	7	872	—	34	
Hong Kong	951	917	38	—	11	3,080	2,972	—	
Indonesia	5,876	5,876	473	15	—	523	—	—	
Japan (including Okinawa and Ryukyu)	527	527	4	—	—	15,794	1,249	2,935	
Philippines	22,531	19,596	1,569	983	—	2,604	3,669	—	
Oceania, total	6,475	6,475	137	185	—	107	1,111	34	
Puerto Rico and U.S. Possessions, total	1,300	1,286	804	398	7	2,110	728	8,335	
OPEC countries, total (included above)	12,373	4,038	—	—	—	—	—	—	
Tax haven countries, total (included above)	—	—	—	—	—	—	—	—	

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources								Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Holding and other investment companies except bank holding companies												
All geographic areas, total	343	19,505,771	864,552	292,399	46,916	134,421	9,029	38,947	—	14,598	46,916	—
Canada	137	2,944,939	515,075	165,925	22,107	66,353	4,286	19,539	—	6,008	22,107	—
Latin America, total	18	841,637	48,186	21,045	14,970	37,401	1,812	13,036	—	8,385	14,970	—
Brazil	5	410,642	30,493	13,229	11,111	23,446	1,039	9,519	—	7,632	11,111	—
Mexico	10	343,264	21,869	9,812	4,352	14,873	532	4,020	—	935	4,352	—
Other Western Hemisphere, total	3	293,821	11,830	3,420	843	3,413	963	58	—	25	843	—
Europe, total	183	3,197,413	472,764	151,367	33,592	88,765	5,734	27,776	—	9,784	33,592	—
Belgium	5	770,600	205,023	60,263	327	6,781	138	—	—	275	327	—
Denmark	22	149,547	7,046	2,272	204	502	222	—	—	—	204	—
France (including Andorra)	9	1,710,309	304,533	97,611	23,763	61,347	1,828	20,785	—	9,210	23,763	—
Italy (including San Marino)	7	1,074,537	219,778	66,443	9,195	26,002	1,281	7,603	—	7,685	9,195	—
Netherlands	37	1,737,219	325,425	96,700	10,357	28,048	1,175	6,696	—	7,408	10,357	—
Spain	83	28,493	4,204	1,119	2	17	2	—	—	—	2	—
Sweden	4	958,977	217,603	65,834	9,191	25,981	1,276	7,603	—	7,685	9,191	—
Switzerland	39	455,085	35,026	13,839	10,655	26,849	538	9,539	—	8,112	10,655	—
United Kingdom	19	1,013,406	204,581	59,917	1,236	9,183	640	812	—	3	1,236	—
West Germany	72	1,725,905	278,420	85,636	14,682	42,981	2,280	12,224	—	8,367	14,682	—
Africa, total	38	1,426,150	247,423	76,548	13,555	38,794	1,220	12,020	—	9,343	13,555	—
South Africa (including Namibia)	36	362,955	32,430	11,445	3,713	8,023	886	3,093	—	233	3,713	—
Asia, total	44	2,756,078	294,849	92,016	14,821	43,991	2,537	12,168	—	8,932	14,821	—
Hong Kong	8	1,143,605	211,443	62,967	3,254	17,758	214	3,251	—	726	3,254	—
Japan (including Okinawa and Ryukyu)	37	2,047,907	263,407	78,840	4,120	16,722	1,709	2,896	—	780	4,120	—
Oceania, total	45	2,076,498	260,869	82,632	14,581	49,548	2,062	11,633	—	9,528	14,581	—
Puerto Rico and U.S. Possessions, total	45	320,068	36,147	12,945	7,351	15,507	773	5,814	—	7,653	7,351	—
Tax haven countries, total (included above)	93	2,680,023	378,384	118,450	26,480	70,705	3,548	23,216	—	8,155	26,480	—

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country								Taxable income (less loss) before loss recapture			
	Gross income (less loss) excluding branch operations and specially allocable income					Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and specially allocable income	Deductions from oil and gas extraction income	Total	Foreign branch income	Specially allocable income (Section 863(b))	Other than from branch operations and specially allocable income
	Total	Dividends	Dividend gross-up	Interest	Other							
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Holding and other investment companies except bank holding companies												
All geographic areas, total	190,684	59,688	38,949	13,259	78,786	—	61,014	—	134,421	4,771	—	129,650
Canada	50,598	22,648	15,880	158	11,904	—	7,468	—	43,130	—	—	43,130
Latin America, total	2,955	1,237	308	478	933	—	740	—	2,215	—	—	2,215
Brazil	1,728	1,118	300	—	310	—	155	—	1,574	—	—	1,574
Mexico	417	100	—	—	318	—	26	—	390	—	—	390
Other Western Hemisphere, total	2,062	258	58	1,187	559	—	1,715	—	347	—	—	347
Europe, total	89,415	29,202	21,295	2,321	16,597	—	10,957	—	61,703	3,244	—	58,459
Belgium	239	—	—	—	239	—	—	—	152	—	—	152
Denmark	53	29	—	—	23	—	882	—	37	—	—	37
France (including Andorra)	5,836	1,392	1,306	14	3,125	—	3,090	—	4,955	—	—	4,955
Italy (including San Marino)	15,022	5,107	4,830	—	5,086	—	1,274	—	11,931	—	—	11,931
Netherlands	1,863	1,008	78	—	777	—	—	—	569	—	—	569
Norway	5	5	1	—	—	—	75	—	6	—	—	6
Spain	797	495	255	—	35	—	160	—	721	—	—	721
Sweden	2,136	1,152	853	—	131	—	584	—	1,976	—	—	1,976
Switzerland	1,502	54	19	261	1,168	—	3,267	—	918	1,615	—	5,290
United Kingdom	8,558	2,448	852	2,038	3,419	—	1,168	—	6,906	—	—	3,992
West Germany	5,161	1,733	1,264	(1)	—	—	—	—	3,992	—	—	3,992
Africa, total	300	145	1	—	150	—	107	—	193	—	—	193
South Africa (including Namibia)	296	145	1	—	150	—	104	—	192	—	—	192
Asia, total	12,317	4,696	999	385	5,247	—	3,288	—	9,028	—	—	9,028
Hong Kong	4,802	3,986	605	—	211	—	108	—	4,694	—	—	4,694
Japan (including Okinawa and Ryukyu)	4,545	157	13	173	4,203	—	1,705	—	2,841	—	—	2,841
Oceania, total	28,617	503	421	8,721	18,972	—	19,537	—	10,607	1,527	—	9,080
Puerto Rico and U.S. Possessions, total	1,623	120	—	—	1,503	—	72	—	1,551	—	—	1,551
Tax haven countries, total (included above)	36,950	21,016	12,779	1,934	3,221	—	4,505	—	34,445	—	—	34,445

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country—Continued							
	Foreign taxes paid or accrued and deemed paid before reduction							Deemed paid
	Total	Paid or accrued				Other taxes paid or accrued on		
		Tax withheld at source on						
			Dividends	Interest	Rents, royalties and license fees	Branch income	Other income	
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Holding and other investment companies except bank holding companies								
All geographic areas, total	47,976	9,029	3,943	154	764	2,186	1,982	36,947
Canada	18,611	2,731	1,404	21	16	—	1,290	15,880
Latin America, total	760	454	312	—	139	—	3	308
Brazil	580	279	279	—	—	—	—	300
Mexico	117	117	30	—	85	—	2	—
Other Western Hemisphere, total	59	1	—	—	1	—	—	58
Europe, total	24,333	3,040	1,914	78	12	924	113	21,292
Belgium	—	—	—	—	—	—	—	—
Denmark	11	11	6	—	—	—	—	—
France (excluding Andorra)	1,348	42	33	—	2	—	—	—
Italy (including San Marino)	4,877	47	47	—	9	—	—	1,306
Netherlands	213	135	135	—	—	—	—	4,830
Norway	1	1	—	—	—	—	—	78
Spain	355	89	89	—	—	—	—	—
Sweden	991	138	138	—	—	—	—	266
Switzerland	110	91	13	78	—	—	—	853
United Kingdom	1,600	950	143	—	—	694	113	19
West Germany	1,313	49	—	—	—	—	—	650
Africa, total	48	45	24	—	22	—	—	1,264
South Africa (including Namibia)	45	44	24	—	20	—	—	1
Asia, total	1,628	639	158	48	437	—	—	1
Hong Kong	605	(1)	(1)	—	—	—	—	989
Japan (including Okinawa and Ryukyu)	172	159	25	17	117	—	—	605
Oceania, total	1,202	780	6	9	28	727	10	13
Puerto Rico and U.S. Possessions, total	580	580	17	—	—	—	563	—
Tax haven countries, total (included above)	14,294	1,516	1,405	78	33	—	—	12,779

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Number of returns	Total assets	Income and taxes from all sources									Foreign tax credit computed	
			Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Services													
All geographic areas, total	634	80,287,621	2,868,547	1,224,948	317,257	1,042,773	139,125	155,132	—	114,648	317,257	—	
Canada	244	49,971,302	2,194,132	948,876	262,473	835,563	107,525	130,334	—	91,945	262,473	—	
Latin America, total	138	52,227,381	1,700,344	729,443	231,943	769,164	107,092	97,251	—	83,875	231,943	—	
Brazil	26	31,655,392	1,022,829	438,408	158,841	514,165	61,288	59,589	—	51,731	158,841	—	
Ecuador	7	21,382,216	543,315	236,078	101,867	303,080	32,983	24,591	—	44,294	101,867	—	
Mexico	95	32,072,360	1,077,895	450,217	171,293	583,874	86,268	57,303	—	51,386	171,293	—	
Panama (including Canal Zone)	11	25,262,225	775,782	326,099	123,018	381,312	46,714	33,797	—	44,355	123,018	—	
Venezuela	36	29,002,282	1,051,195	451,631	175,745	578,461	89,612	54,571	—	72,817	175,745	—	
Other Western Hemisphere, total	19	34,812,529	1,058,688	443,873	157,876	457,237	53,121	64,930	—	54,489	157,876	—	
The Bahamas	6	12,748,430	560,583	237,044	74,756	205,652	30,665	26,002	—	21,235	74,756	—	
Bermuda	13	16,873,388	661,958	290,805	96,782	268,426	23,107	54,021	—	30,843	96,782	—	
Netherlands Antilles	9	32,889,111	690,282	369,788	121,190	354,966	46,044	33,771	—	44,799	121,190	—	
Europe, total	223	55,430,401	2,218,608	954,751	296,750	958,154	121,347	148,695	—	102,891	296,750	—	
Austria	10	27,324,761	752,113	329,420	131,615	407,488	46,199	43,427	—	70,081	131,615	—	
Belgium	43	29,780,595	1,111,075	477,934	220,319	675,520	92,368	101,362	—	63,108	220,319	—	
Denmark	34	23,807,346	736,478	321,896	125,163	387,293	36,698	43,606	—	43,375	125,163	—	
France (including Andorra)	71	33,607,198	1,303,227	561,603	219,995	694,913	96,119	94,072	—	58,792	219,995	—	
Italy (including San Marino)	37	36,721,483	1,186,315	504,635	187,344	620,891	90,698	81,498	—	63,604	187,344	—	
Luxembourg	4	17,282,114	255,819	104,639	54,495	175,188	22,170	9,225	—	23,090	54,495	—	
Netherlands	33	36,730,349	1,186,386	507,832	173,663	589,652	87,711	57,163	—	47,608	173,663	—	
Norway	8	22,099,279	629,856	275,321	114,111	331,605	35,309	33,085	—	45,049	114,111	—	
Sweden	31	29,005,740	829,400	418,576	158,630	528,673	79,811	47,935	—	48,734	158,630	—	
Spain	17	29,005,744	707,630	309,948	118,478	372,812	36,938	36,569	—	45,491	118,478	—	
Switzerland	36	25,870,818	899,862	423,442	181,606	585,228	80,747	109,323	—	87,411	222,842	—	
United Kingdom	114	45,785,940	1,682,179	705,858	248,609	777,922	107,041	95,959	—	88,962	248,609	—	
West Germany	128	35,643,137	1,356,804	582,377	222,842	709,353	100,753	99,353	—	89,862	222,842	—	
Africa, total	53	29,915,377	1,064,182	453,073	187,856	596,907	73,684	73,068	—	37,808	187,856	—	
South Africa (including Namibia)	43	24,924,599	679,822	279,451	103,637	354,520	44,148	38,668	—	37,808	103,637	—	
Asia, total	170	46,778,607	1,865,438	805,981	219,897	749,894	108,873	78,838	—	91,900	219,897	—	
Hong Kong	21	27,485,003	955,412	408,861	175,781	560,081	67,306	57,281	—	72,106	175,781	—	
Indonesia	8	27,045,280	550,090	239,556	113,501	354,874	42,264	30,525	—	68,754	113,501	—	
Japan (including Okinawa and Ryukyu)	121	37,518,920	1,480,149	645,392	174,616	596,246	86,725	58,033	—	57,189	174,616	—	
Philippines	10	26,569,377	823,991	348,427	134,699	405,306	55,635	39,239	—	44,326	134,699	—	
Oceania, total	88	44,288,765	1,609,735	695,642	210,052	708,476	98,948	92,469	—	89,580	210,052	—	
Australia	63	44,238,981	1,601,928	691,930	217,899	701,310	98,795	92,469	—	89,580	217,899	—	
Puerto Rico and U.S. Possessions, total	45	29,512,691	1,081,735	448,819	159,797	487,248	68,815	56,068	—	75,843	159,797	—	
OECD countries, total (including above)	57	30,902,775	1,154,952	496,404	187,748	615,820	99,266	54,948	—	80,453	187,748	—	
Tax haven countries, total (including above)	76	49,990,104	1,803,908	772,340	258,899	835,894	109,745	118,833	—	101,338	258,899	—	

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Selected industry and selected country and IC-DISC and FSC dividends	Income and taxes from specific geographic area or country										Taxable income (less loss) before loss recapture		
	Total	Dividends	Dividend gross-up	Interest	Other	Oil and gas extraction gross income (less loss)	Deductions other than from branch operations and special allocations	Reductions from oil and gas extraction income	Total	Foreign branch income	Specially allocable income (Section 863(b))	Other than from branch operations and specially allocable income	
(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Services													
All geographic areas, total	2,406,641	270,431	155,132	49,202	2,022,078	—	1,573,125	—	1,042,773	113,068	6,988	923,718	
Canada	323,310	40,204	37,829	7,886	237,411	—	190,328	—	133,923	836	—	132,985	
Latin America, total	128,005	20,262	6,302	924	100,517	—	64,892	—	64,280	1,167	—	63,113	
Brazil	26,104	2,359	1,741	6	21,999	—	12,607	—	13,409	—	—	13,409	
Ecuador	1,430	27	8	—	1,395	—	1,206	—	1,211	—	—	1,211	
Mexico	29,245	1,058	321	283	27,892	—	16,408	—	13,261	—	—	13,261	
Panama (including Canal Zone)	13,819	7,950	2,193	517	3,159	—	2,849	—	10,666	—	—	10,666	
Venezuela	10,613	28	387	34	10,166	—	6,462	—	4,159	—	—	4,159	
Other Western Hemisphere, total	53,051	44,900	6,385	176	1,589	—	4,259	—	52,457	3,658	—	48,800	
The Bahamas	3,725	3,035	—	—	690	—	1,007	—	7,347	4,629	—	2,718	
Bermuda	26,327	25,887	—	—	440	—	1,528	—	24,799	—	—	24,799	
Netherlands Antilles	22,670	15,979	6,385	176	306	—	1,345	—	20,353	—	—	20,353	
Europe, total	1,054,853	118,323	74,661	20,160	841,708	—	733,900	—	386,185	65,232	—	320,953	
Austria	12,071	2,271	2,233	119	7,567	—	6,782	—	5,288	—	—	5,288	
Belgium	32,343	6,819	4,556	119	20,849	—	21,358	—	16,594	—	—	16,594	
Denmark	26,809	4,677	4,420	119	19,712	—	10,924	—	18,309	—	—	18,309	
France (including Andorra)	124,720	2,367	2,541	494	119,319	—	75,610	—	52,224	3,114	—	49,110	
Italy (including San Marino)	83,974	5,974	5,443	135	71,423	—	48,773	—	38,628	3,427	—	35,201	
Luxembourg	1,833	399	7,088	49	1,386	—	1,704	—	30,016	7,171	—	22,845	
Netherlands	40,549	10,582	7,088	1,094	27,796	—	17,704	—	10,323	—	—	10,323	
Norway	19,825	40	31	114	19,640	—	10,323	—	9,522	—	—	9,522	
Sweden	70,109	4,131	2,170	150	62,619	—	17,552	—	102,150	4,293	—	97,857	
Switzerland	31,934	4,832	2,303	119	24,772	—	11,433	—	20,501	—	—	20,501	
United Kingdom	36,956	9,907	9,474	789	16,806	—	13,767	—	24,268	1,093	—	23,165	
West Germany	333,078	36,065	12,348	13,818	270,985	—	13,767	—	113,445	1,231	—	112,214	
Other Western Hemisphere, total	202,522	27,673	21,537	2,381	180,211	—	102,005	—	128,276	27,759	—	100,517	
Africa, total	84,378	7,714	5,858	454	50,354	—	42,359	—	30,204	8,184	—	22,019	
South Africa (including Namibia)	27,520	6,994	5,285	451	14,789	—	10,223	—	17,297	—	—	17,297	
Asia, total	505,173	18,303	14,965	10,153	461,753	—	294,902	—	238,880	28,589	—	210,291	
Hong Kong	18,459	7,871	1,674	11	8,904	—	9,640	—	11,474	2,655	—	8,819	
Indonesia	6,624	—	—	—	6,624	—	4,677	—	14,905	15,260	—	13,645	
Japan (including Okinawa and Ryukyu)	238,361	8,424	12,543	1,000	216,368	—	107,716	—	145,905	15,260	—	130,645	
Philippines	4,822	510	270	—	4,042	—	3,348	—	2,129	655	—	1,474	
Oceania, total	123,604	4,574	3,034	5,284	110,722	—	56,182	—	69,548	2,134	—	67,413	
Australia	118,140	4,465	2,916	5,246	105,510	—	53,063	—	67,211	2,134	—	65,077	
Puerto Rico and U.S. Possessions, total	41,832	7,438	2,208	22	32,164	—	24,912	—	20,502	3,582	—	16,920	
OECD countries, total (including above)	218,777	678	395	9,128	208,578	—	188,935	—	143,616	5,123	—	138,553	
Tax haven countries, total (including above)	192,689	88,382	30,557	2,610	71,440	—	63,309	—	84,965	14,435	—	69,548	

Footnotes at end of table.

Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed
 Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Selected Industry and by Selected Country to which Foreign Taxes were Paid—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Selected industry and selected country and U.S. SEC and FSC dividends	Income and taxes from specific geographic area or country—Continued									
	Foreign taxes paid or accrued and deemed paid before reduction					Paid or accrued				
	Tax withheld or in excess of					Other taxes paid or accrued on				
	Total	Dividends	Interest	Branch income	Other income	Branch income	Other income	Branch income	Other income	Deemed paid
	(28)	(27)	(26)	(25)	(24)	(23)	(22)	(21)	(20)	(19)
Services										
All geographic areas, total	294,259	135,135	2,463	48,142	25,558	48,908	25,558	155,132		
Canada	48,721	13,056	983	4,094	2,129	21	2,129	37,829		
Latin America, total	21,898	8,893	102	10,780	362	3,007	362	6,302		
Brazil	6,169	5,145	—	2,973	—	1,538	—	1,741		
Equador	6,174	5,145	—	2,973	—	1,538	—	1,741		
Paraguay (including Canal Zone)	1,048	681	—	—	—	—	—	2,153		
Venezuela	6,385	—	—	—	—	—	—	6,385		
Other Western Hemisphere, total	—	—	—	—	—	—	—	—		
The Bahamas	—	—	—	—	—	—	—	—		
Netherlands Antilles	6,385	—	—	—	—	—	—	6,385		
Europe, total	130,628	55,988	716	6,110	7,433	33,893	7,433	74,881		
Austria	2,470	237	—	—	—	—	—	2,233		
Belgium	7,013	2,457	—	—	—	—	—	4,556		
France (including Andorra)	6,106	3,555	—	—	—	—	—	2,541		
Italy (including San Marino)	10,007	4,584	—	—	—	—	—	5,423		
Italy (including San Marino)	9,670	2,982	—	—	—	—	—	7,088		
Netherlands	8,339	6,073	—	—	—	—	—	2,266		
Norway	2,305	2,305	—	—	—	—	—	—		
Sweden	9,859	11,885	—	—	—	—	—	2,026		
Switzerland	42,324	20,787	—	—	—	—	—	21,537		
United Kingdom	—	—	—	—	—	—	—	—		
West Germany	9,640	3,784	—	—	—	—	—	5,856		
Africa, total	5,791	505	—	—	—	—	—	5,286		
South Africa (including Namibia)	5,791	505	—	—	—	—	—	5,286		
Asia, total	51,844	38,879	84	16,780	10,578	8,339	10,578	14,985		
Hong Kong	2,037	363	—	—	—	—	—	1,674		
Japan	31,853	18,142	—	—	—	—	—	12,543		
Japan (including Okinawa and Ryukyu)	620	349	—	—	—	—	—	270		
Philippines	9,484	6,459	—	—	—	—	—	3,024		
Oceania, total	9,175	6,259	—	—	—	—	—	2,916		
Australia	9,175	6,259	—	—	—	—	—	2,916		
Puerto Rico and U.S. Possessions, total	8,878	6,870	—	—	—	—	—	2,008		
OPEC countries, total (including Saudi Arabia)	13,282	12,857	—	—	—	—	—	4,821		
Other OPEC countries, total (including above)	35,301	4,744	—	—	—	—	—	30,557		

Notes: (1) See Table 1500.

Note: Data may not add to total because only selected industries and countries are included.

Corporate Foreign Tax Credit, Preliminary Data, 1988

The Tax Reform Act of 1986 made a number of important changes to the foreign tax credit provisions of the Internal Revenue Code. Among these were changes to the required allocation of foreign income, deductions, and taxes to separate categories for purposes of calculating the foreign tax credit limitation. For tax years beginning after 1986, a corporation must compute its foreign tax credit for nine separate types of income (instead of the five types of income for pre-1987 calculations). These types of income include passive income, high withholding tax interest, financial services income, shipping income, dividends from each noncontrolled section 902 corporation, dividends from a Domestic International Sales Corporation (DISC) or former DISC, taxable income attributable to the foreign trade income of a Foreign Sales Corporation (FSC), certain distributions from a FSC or former FSC, and all other income [1]. Table 2 contains aggregate data for all corporate returns with a foreign tax credit for each income type. No data are available for taxable income attributable to the foreign trade income of a FSC because FSC returns were not included in the 1988 study. Also, note that taxpayers must compute a separate credit for dividends from each noncontrolled section 902 corporation. Therefore, a single taxpayer may have multiple credits for this income type. The data for each taxpayer were aggregated at the return level.

Given the substantial changes to the law relating to the foreign tax credit, the scope of the 1988 study was reduced from that for prior years. For 1988, only limited information related to the calculation of the foreign tax credit was processed. However, limited data are available aggregated by the industry of the taxpayer. Table 1 contains these data.

One of the most interesting aspects of the 1988 data is the large increase in foreign source taxable income from prior years. Foreign source taxable income increased from \$65.8 billion for 1986 to \$98.4 billion for 1988. This increase of nearly fifty percent appears to have been fueled in part by the substantial increase in distributions from foreign corporations. Dividends from foreign corporations increased by seventy-eight percent between 1986 and 1988 (from \$21.6 billion to \$38.4 billion). In addition, includable income from Controlled Foreign Corporations increased

by 228 percent from \$3.9 billion for 1986 to \$12.8 billion for 1988.

The type of income information in Table 2 shows foreign-source taxable income and foreign taxes by the type of income for which a separate foreign tax credit limitation was calculated. The four types of income with the largest amounts of income and taxes are all other income, financial services income, passive income and dividends from noncontrolled section 902 corporations. Congress created the separate categories for passive income and financial services income to prevent corporations from cross-crediting their foreign taxes. Cross-crediting occurs when the use of the overall limitation allows a corporation to credit relatively high foreign taxes on some foreign-source income against the U.S. tax that would otherwise be due on other foreign-source income that is subject to a relatively low foreign tax [2]. For 1988, the sum of taxes paid or accrued and taxes deemed paid was 35.5 percent of foreign-source taxable income for all other income, but only 10.7 percent for passive income and 14.8 percent for financial services income. In addition, dividends from noncontrolled section 902 corporations were also taxed at a relatively high effective rate of 35.1 percent.

The information provided in these two tables are preliminary. These data have not been fully tested and corrected. Therefore, some inconsistencies may exist. (Final 1988 data will be published in the *Statistics of Income Bulletin*.) The data in columns 1 through 8 of Tables 1 and 2 are reported on Form 1120, U.S. Corporation Income Tax Return. The data in columns 9 through 11 of Tables 1 and 2 are reported on Form 1118, Computation of Foreign Tax Credit—Corporations. A corporation must file a separate Form 1118 for each income type for which it must calculate a foreign tax credit limitation. However, a corporation files only one Form 1120. If a corporation files more than one Form 1118, its Form 1120 data will appear for each appropriate income type. Therefore, the Form 1120 data in columns 1 through 8 of Table 2 are not additive.

[1] See "Statistics of Income Studies of International Income and Taxes" in Section 2 of this compendium for additional information regarding the post-1986 income

types. A noncontrolled Section 902 corporation is a foreign corporation, with between ten and fifty percent of its stock owned by a U.S. corporation.

[2] Joint Committee on Taxation, General Explanation of the Tax Reform Act of 1986, May 4, 1987, p. 862.

1988 Corporate Foreign Tax Credit, Preliminary Data

Table 1 -- Total Assets, Dividends, Income and Taxes and Foreign Income, Taxes and Credit Claimed as Reported on Form 1120 and Form 1118, by Industry

[All figures are estimates based on samples -- money amounts are in thousands of dollars]

Industry	Number of returns	Total assets	Income and dividends received from foreign corporations			Income subject to U.S. tax
			Dividends received	Includable income	Dividend gross-up	
	(1)	(2)	(3)	(4)	(5)	(6)
All industries, total.	4,166	6,278,590,988	38,390,891	12,778,326	19,905,256	222,753,459
Agriculture, forestry and fishing.....	32	1,535,153	33,005	1,654	18,057	204,460
Mining.....	120	36,225,990	485,889	82,350	366,823	2,541,249
Construction.....	216	10,045,312	249,180	37,419	35,654	592,914
Manufacturing.....	1,411	2,003,898,742	32,409,019	9,364,629	17,049,218	152,352,680
Transportation and public utilities.....	87	417,892,042	1,642,000	342,892	414,472	22,457,294
Wholesale trade.....	630	143,295,178	1,139,832	632,400	523,538	5,932,667
Retail trade.....	188	178,606,204	432,219	87,889	233,565	8,223,727
Finance, insurance and real estate.....	893	3,373,790,006	1,311,483	2,086,890	904,453	25,002,770
Services.....	589	113,302,360	688,264	142,202	359,475	5,445,697

Industry	U.S. income tax before credits	Foreign tax credit claimed	Foreign income and taxes available for credit as reported on Form 1118		
			Total taxable income (less loss)	Total taxes paid or accrued	Total taxes deemed paid
	(7)	(8)	(9)	(10)	(11)
All industries, total.....	75,779,029	26,661,972	98,384,086	9,372,541	20,869,329
Agriculture, forestry and fishing.....	69,289	21,042	68,531	5,593	16,295
Mining.....	863,341	644,453	1,944,830	618,565	181,524
Construction.....	200,989	89,009	324,414	10,984	35,616
Manufacturing.....	51,825,483	21,561,896	70,291,626	6,166,348	18,516,438
Transportation and public utilities.....	7,635,779	417,977	2,848,309	113,495	399,368
Wholesale trade.....	2,015,639	715,993	2,455,794	491,075	257,325
Retail trade.....	2,797,751	318,576	1,081,271	102,589	234,201
Finance, insurance and real estate.....	8,520,879	2,321,661	16,884,525	1,603,956	872,344
Services.....	1,849,879	571,364	2,484,786	259,938	356,218

1988 Corporate Foreign Tax Credit, Preliminary Data

Table 2 -- Total Assets, Dividends, Income and Taxes and Foreign Income, Taxes and Credit Claimed as Reported on Form 1120 and Form 1118, by Income Type

[All figures are estimates based on samples -- money amounts are in thousands of dollars]

Income type	Number of returns	Total assets	Income and dividends received from foreign corporations			Income subject to U.S. tax
			Dividends received	Includable income	Dividend gross-up	
	(1)	(2)	(3)	(4)	(5)	(6)
All income types, total.....	4,166	6,278,590,988	38,390,891	12,774,284	19,905,038	222,753,459
Passive income.....	633	2,452,996,503	31,360,664	9,002,162	15,575,937	143,908,294
High withholding tax interest.....	366	2,282,836,733	11,930,063	4,768,987	5,987,020	66,447,486
Financial services income.....	307	4,152,072,670	18,463,667	7,741,940	9,042,874	90,504,822
Shipping income.....	31	692,983,088	4,415,896	2,936,197	3,333,434	32,139,919
Dividends from a non-controlled Section 902 corporation.....	392	3,103,040,807	27,385,070	8,472,098	14,060,134	123,002,449
Dividends from a DISC or former DISC.....	47	358,656,741	3,278,716	1,503,324	1,184,520	18,705,794
Certain distributions from a FSC or former FSC.....	17	105,322,944	1,508,830	1,132,925	897,360	13,194,362
All other foreign source income.....	3,349	3,556,510,425	37,600,402	11,376,235	19,314,974	199,943,830

Income type	U.S. income tax before credits	Foreign tax credit claimed	Foreign income and taxes available for credit as reported on Form 1118		
			Total taxable income (less loss)	Total taxes paid or accrued	Total taxes deemed paid
	(7)	(8)	(9)	(10)	(11)
All income types, total.....	75,779,029	26,661,972	98,381,420	9,372,541	20,869,329
Passive income.....	48,948,795	19,979,155	3,745,400	135,311	266,108
High withholding tax interest.....	22,604,062	9,189,209	333,441	42,253	6,054
Financial services income.....	30,797,253	12,703,593	16,200,736	1,631,489	772,130
Shipping income.....	10,927,572	4,651,707	576,291	30,401	6,471
Dividends from a non-controlled Section 902 corporation.....	41,837,408	19,109,111	2,383,965	187,283	650,636
Dividends from a DISC or former DISC.....	6,366,501	2,066,023	87,690	3,480	2,189
Certain distributions from a FSC or former FSC.....	4,486,357	1,066,454	381,651	--	153
All other foreign source income.....	67,998,626	24,895,437	74,672,246	7,342,324	19,165,588

Section 3

Controlled Foreign Corporations

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A Controlled Foreign Corporation (CFC) is a foreign corporation at least 50% of whose stock is owned by U.S. shareholders. A U.S. shareholder includes any U.S. citizen or resident or U.S. corporation. Public Law 86-780 requires that information about a controlling interest in a foreign corporation be filed with the Internal Revenue Service. A U.S. person must file a Form 5471 for each foreign corporation, for which it owns, either directly or through a chain of ownership, more than 10 percent of the voting stock of the foreign corporation. On the Form 5471, the U.S. person

must include detailed information about the CFC's income, deductions, assets, liabilities, includable income, and transactions with related parties.

This section provides a detailed discussion of information filed for these foreign corporations by reprinting two previously published Statistics of Income Bulletin articles. Each article is based on a study done in 1984. The first article analyzes the data from a geographic perspective. The second article analyzes the information by industry of the U.S. person and the CFC. Following the two articles is a table of information from the 1986 CFC study. This table shows selected information for the "Top 7500" Controlled Foreign Corporations. This distinction is explained further in the paper preceding the table. In addition, selected preliminary 1988 data are contained in the last two tables.

The reader is also referred to Section 15 of this compendium, which contains copies of selected tax forms and instructions. The information provided about Controlled Foreign Corporations in this compendium is based on the tax forms and instructions listed below:

* Form 1120, U.S. Corporation Income Tax Return, and Instructions (p. 459)

* Form 5471, Information Return with Respect to a Foreign Corporation (p. 502)

* Schedule M (Form 5471), Foreign Corporation Controlled by a United States Person (p. 510)

* Schedule N (Form 5471), Foreign Personal Holding Company (p. 510)

* Schedule O (Form 5471), Organization or Reorganization of Foreign Corporation, and Acquisitions and Dispositions of Its Stock (p. 511)

Focus

By Margaret P. Lewis*

The number of foreign subsidiaries of large U.S. multinational corporations increased modestly (6 percent) from 1982 to 1984. In 1984, more than 1,100 U.S. multinational corporations controlled over 28,500 foreign corporations, 27,000 of which reported financial information [1,2]. These 27,000 Controlled Foreign Corporations (CFC's) generated receipts of \$625 billion on \$595 billion of assets. Earnings and profits of these same CFC's were \$49 billion, on which almost \$20 billion in taxes were paid to foreign countries. The U.S. parent corporations received \$12 billion in dividends from their CFC's, nearly 70 percent of all distributions made by the CFC's.

Total assets and receipts of CFC's changed only slightly from 1982 levels. Assets increased 7 percent while receipts decreased less than 4 percent. The most dramatic change from 1982 was in the profit level of these foreign corporations. Pre-tax earnings and profits of CFC's increased 32 percent from 1982 while taxes paid by these same companies rose almost 40 percent. These increases resulted in a 28 percent rise in after-tax earnings and profits from 1982 to 1984.

More than one-half of active CFC's were involved mainly in manufacturing or trade activities in 1984. Another 30 percent of CFC's reported their principal activity as either finance, insurance, real estate or services. These percentages remained virtually unchanged from 1982. Almost 6,300 CFC's, 23 percent of the 27,000 total companies, were inactive during 1984.

BACKGROUND

Prior to World War II, relatively few U.S. corporations had operations outside of the United States [3]. Those corporations that did look to other countries for expansion turned mostly to Europe and Canada as the most favorable areas in which to operate. After World War II, U.S. corporations were encouraged politically, through programs like the Marshall Plan, and economically, through various concessions by

foreign countries, to expand their operations overseas. The Marshall Plan provided economic aid to countries recovering from the impact of World War II. The Plan also encouraged U.S. businesses to participate in the economic recovery of Europe. Many foreign countries, in an attempt to attract U.S. operations and dollars, offered very favorable investment climates including low taxes, ease of incorporation, and various other concessions [4].

U.S. corporations began their move overseas, usually by establishing a foreign market for exported goods and through foreign investment. Once these were established, the U.S. corporation might form a branch operation by establishing a place of business in the foreign country or by creating or purchasing a subsidiary, incorporated in the foreign country.

Public Law 86-780 was enacted in 1960 to obtain information on the foreign subsidiaries of U.S. corporations. This law required a U.S. corporation to furnish, as part of its income tax return, information on any foreign corporations it directly controlled (i.e., "tier-one" subsidiaries) and on any foreign corporations controlled by these directly controlled foreign corporations (i.e., "tier-two" subsidiaries). Control was defined as direct or indirect ownership of more than 50 percent of the combined voting power of all classes of stock, or more than 50 percent of the total value of all shares of stock by a single shareholder during the foreign corporation's taxable year.

These foreign activities by U.S. corporations were precipitated by many factors. Some companies went overseas to move their operations closer to resources, others looked for cheaper labor and other costs, and many were attracted by favorable tax considerations and investment incentives. Still others moved to be closer to their market. U.S. tax laws made it economically beneficial for U.S. corporations to operate overseas by exempting from U.S. income tax the unrepatriated earnings and profits of a foreign subsidiary. To the extent the

foreign taxes were lower than U.S. taxes, this exemption was an impelling reason for U.S. corporations to form overseas subsidiaries. These subsidiaries enjoyed legal status as a resident corporation in the foreign country, with the benefits of its laws and regulations, which were often less stringent than the U.S. laws. The earnings and profits of the CFC were protected from U.S. taxation until they were repatriated in the form of dividends to the U.S. parent. U.S. taxes could be delayed by deferring a distribution until such a time as it could be offset by a parent corporation's losses or excess foreign tax credits. U.S. taxes could also be lowered on repatriated earnings, for example, through an ordinary taxable liquidation, sale, or exchange of assets of the CFC. In this case, the U.S. parent company would pay tax at the lower capital gains rate that was applicable before 1987.

The Revenue Act of 1962 reduced this tax deferral by requiring the taxation of certain unrepatriated profits of a foreign subsidiary through the addition of Subpart F to the Internal Revenue Code [5]. The types of income that were then taxable by the United States were referred to as "Subpart F income" and included income from the insurance of U.S. risks, "passive" types of income in general, and income derived from certain types of sales and services [6]. In addition, the 1962 legislation restricted the conversion of tax-deferred accumulated earnings and profits into capital gains, thus preventing regular income from being taxed at the lower capital gains rate.

The 1962 Act also redefined the term Controlled Foreign Corporation. In general, a foreign corporation was considered controlled if more than 50 percent of the voting stock of the foreign corporation was owned by U.S. shareholders for 30 days or more of the foreign corporation's taxable year, but only if they had at least a 10 percent interest. All such foreign corporations' undistributed earnings and profits, to the extent such earnings and profits represented Subpart F income (see the "Explanation of Selected Terms" section at the end of this article), were subject to taxation through their U.S. shareholders. The 1962 legislation also expanded the filing requirements for CFC's to include all lower-tier foreign corporations controlled, through other foreign subsidiaries, by a U.S. corporation [7].

The Tax Reduction Act of 1975 expanded the definition of Subpart F income. An exception permitting tax deferral of a portion of Subpart F income reinvested in tax-defined "less-developed countries" was repealed for CFC's with accounting periods beginning in 1976 and thereafter. Also, before the 1975 Act, income was not treated as Subpart F if it

accounted for 30 percent or less of a CFC's gross income. This percentage was reduced to 10 percent, limiting the amount of income that could avoid treatment under Subpart F. Finally, some types of shipping income received by foreign subsidiaries of U.S. corporations, which were previously excluded from Subpart F income, were now included. As a result of these and other actions, the tax deferral privileges of CFC's were reduced, but not entirely eliminated.

Several amendments, after 1975, to the Internal Revenue Code redefined Subpart F income [8]. For a full explanation of Subpart F, see "Explanation of Selected Terms."

INDUSTRIAL ACTIVITY OF CONTROLLED FOREIGN CORPORATIONS

In 1984, there were 20,736 foreign corporations actively involved in business operations that were controlled either directly or indirectly by large U.S. multinational or U.S. "giant" corporations. As Figure A shows, 35 percent (or 7,259) of these CFC's were primarily engaged in manufacturing activities. These manufacturing CFC's generated more business receipts (\$341 billion) and pre-tax earnings and

profits (\$23 billion) than any other industrial division, while finance, insurance, and real estate CFC's had the largest assets (\$228 billion). Manufacturing, trade, finance, insurance and real estate; and service subsidiaries accounted for almost 90 percent of all active CFC's in 1984. CFC's in these four industrial divisions also held 92 percent of the assets, received 94 percent of the receipts, generated 84 percent of the pre-tax earnings and profits and reported 93 percent of the Subpart F income for all active CFC's.

As in 1982, manufacturing CFC's were primarily involved in producing chemicals, machinery, and electrical and electronic equipment, with these industries accounting for 47 percent of all manufacturing CFC's, 43 percent of manufacturing assets, and 53 percent of the pre-tax earnings and profits of manufacturing CFC's. Integrated petroleum companies and motor vehicle manufacturers, however, garnered over 40 percent of manufacturing CFC business receipts.

Wholesale trade CFC's outnumbered retail trade CFC's by more than four to one. Wholesale trade generated more receipts and earnings than retail trade and reported assets five times greater than retail trade CFC's. Of those in wholesaling, CFC's classified under integrated petroleum and petroleum products accounted for 50 percent of the assets, 64 percent of the receipts and 72 percent of the pre-tax earnings and profits.

No one specific industry dominated the finance, insurance and real estate, or service CFC's. However, CFC's in the finance, insurance and real estate industries held more assets (\$228 billion) than any other industrial division. These same CFC's also accounted for 54 percent of the total reported Subpart F income.

PROFITABILITY OF CFC'S AND THEIR U.S. PARENT CORPORATIONS

CFC profitability rose 1.6 percent from 1982 to 1984 while the profitability of their U.S. parent companies rose only 0.3 percent in this same time period. Profitability (as measured by the return on assets) was determined by the ratio of earnings and profits or net income (both before taxes) to total assets [9].

Figure B shows the relative return on assets for U.S. multinationals and their CFC's by selected industry. Based on this measure, the most profitable CFC's were in the mining industry which may, in part, be due to the expensing of many costs, thus biasing downward the asset measure for this industry. Oil and gas extraction companies in particular were very profitable with a margin of nearly 30 percent. This

Figure B.—Relative Return on Assets of Large U.S. Multinational Corporations and Their CFC's, by Selected Industry, 1984¹

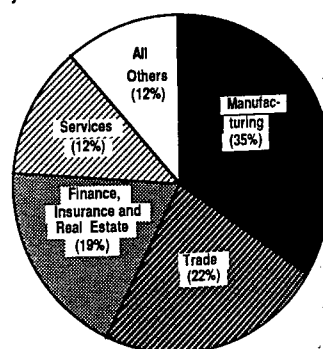
Selected industry	Return on Assets ²	
	U.S. corporations	CFC's
All industries ²	2.3%	8.2%
Agriculture, forestry and fishing	10.5	3.9
Mining	1.8	25.3
Metal mining	1.1	3.1
Oil and gas extraction	1.7	29.8
Construction	0.1	9.9
Manufacturing	4.9	10.5
Food and kindred products	4.6	12.8
Apparel and other textile products	7.5	8.7
Paper and allied products	6.2	9.9
Printing and publishing	11.7	10.6
Chemicals and allied products	6.0	11.1
Petroleum (including integrated) and coal products	5.1	7.7
Rubber and miscellaneous plastic products	6.2	10.7
Stone, clay and glass products	5.1	9.3
Primary metal industries	-0.6	5.0
Fabricated metal products	4.4	10.1
Machinery, except electrical	5.8	18.8
Electrical and electronic equipment	4.0	9.5
Motor vehicles and equipment	5.7	5.8
Instruments and related products	7.7	10.7
Transportation and public utilities	2.3	4.0
Water transportation	-0.4	-0.9
Wholesale and retail trade	3.1	12.2
Finance, insurance and real estate	0.2	3.0
Banking	0.3	1.2
Credit agencies other than banks	-0.3	2.9
Insurance	0.1	4.5
Real estate	1.2	3.3
Holding and other investment companies, except bank holding companies	-0.2	4.6
Services	2.7	8.5

¹ U.S. parent corporations and CFC's were separately classified by the industry that generated the greatest portion of their total receipts.

² Excludes CFC's the nature of whose business was not allocable by industry.

³ The CFC return on assets is the ratio of pre-tax earnings and profits to total assets. The U.S. return on assets is the ratio of net income before tax to total assets. See also footnote 8 at the end of this article.

Figure A
Active Controlled Foreign Corporations,
by Industrial Division, 1984¹



¹ Includes only those foreign corporations controlled by U.S. corporations with \$250 million or more in total assets.

industry also was the leader in 1982 with a 22 percent return on assets. The least profitable group was the finance, insurance and real estate division with a 3.0 percent return on assets for the CFC's, but this measure is also somewhat misleading for this industry.

The only industry to post a negative CFC return was water transportation, although the transportation and public utility division as a whole had a positive return on assets of 4.0 percent. Water transportation also had a negative return on assets for 1982. The loss to asset ratio however shrank from -3.2 percent to -0.9 percent. The number of CFC's reporting their principal business activity as water transportation fell nearly 25 percent from 1982 to 1984. This was partly in response to the losses incurred in the early 1980's due to ship overbuilding during a period of world recession, and partly due to the reduction in shipping revenues due to discoveries of oil in the North Sea and Mexico which shortened the distance between source and destination [10].

The return on assets for U.S. corporations involved primarily in agriculture, forestry and fishing

exceeded that for CFC's in the same industrial division. The returns were 10.5 percent and 3.9 percent, respectively. This movement continued from 1982 when large losses were incurred by Liberian CFC's operating rubber plantations to supply the motor vehicle industry. However, these Liberian subsidiaries reported modest profits for 1984, reflecting the beginnings of economic recovery from the recession of the early 1980's [11].

TRANSACTIONS OF CONTROLLED FOREIGN CORPORATIONS

Transactions between the U.S. affiliated groups (that included the parent corporation and its U.S. subsidiaries) and their CFC's resulted in net payments to the U.S. affiliates of \$27.8 billion in 1984 as shown in Figure C [12]. Therefore, these transactions (e.g., purchases or sales of stock in trade; and dividends, interest, and rents paid or received) did not contribute to the U.S. current account deficit of \$106.5 billion in 1984 [13].

While the U.S. current account deficit grew over 1,100 percent from 1982 to 1984, the net payments surplus between the U.S. affiliated groups and their related CFC's fell by only 14 percent from 1982 to 1984 [14,15].

Figure C.—Receipts, Payments and Transaction Balance Surplus Between Controlled Foreign Corporations and Their U.S. Parent Affiliated Groups, by Selected Industry of U.S. Parent Corporation, 1984

(Money amounts are in millions of dollars)

Selected U.S. industry	CFC receipts	CFC payments	Surplus
(1)	(2)	(3)	
All industries ¹	\$68,590	\$96,425	\$27,835
Agriculture, forestry and fishing	33	40	7
Mining	378	792	414
Metal mining	15	17	2
Oil and gas extraction	359	772	413
Construction	107	250	143
Manufacturing	\$8,361	\$6,309	\$2,052
Food and kindred products	952	1,842	890
Apparel and other textile products	22	57	35
Paper and allied products	552	1,069	517
Printing and publishing	234	172	606
Chemicals and allied products	3,150	9,245	6,095
Petroleum (including integrated) and coal products	18,874	26,509	7,635
Rubber and miscellaneous plastic products	808	891	83
Stone, clay and glass products	207	469	262
Primary metal industries	579	1,914	1,335
Fabricated metal products	130	1,245	1,115
Machinery, except electrical	5,505	11,973	6,468
Electrical and electronic equipment	5,714	7,205	1,491
Motor vehicles and equipment	18,907	17,750	1,157
Instruments and related products	911	4,317	3,406
Transportation and public utilities	2,369	636	1,733
Water transportation	144	20	124
Wholesale and retail trade	4,132	5,483	1,351
Finance, insurance and real estate	2,996	2,428	568
Banking	2,021	2,009	12
Credit agencies other than banks	247	169	78
Insurance	504	128	376
Real estate	1	6	5
Holding and other investment companies, except bank holding companies	73	11	62
Services	214	488	274

¹Includes CFC's the nature of whose business was not allocable by industry.

The greatest net payments surplus was realized by U.S. affiliated groups involved in the manufacturing of petroleum (including integrated) and coal products. This industry showed a surplus of \$7.6 billion in 1984. Other large surpluses were realized by U.S. affiliated groups involved in manufacturing of non-electrical machinery and chemicals and allied products. Together, these top three industries accounted for 72 percent of the \$27.8 billion surplus.

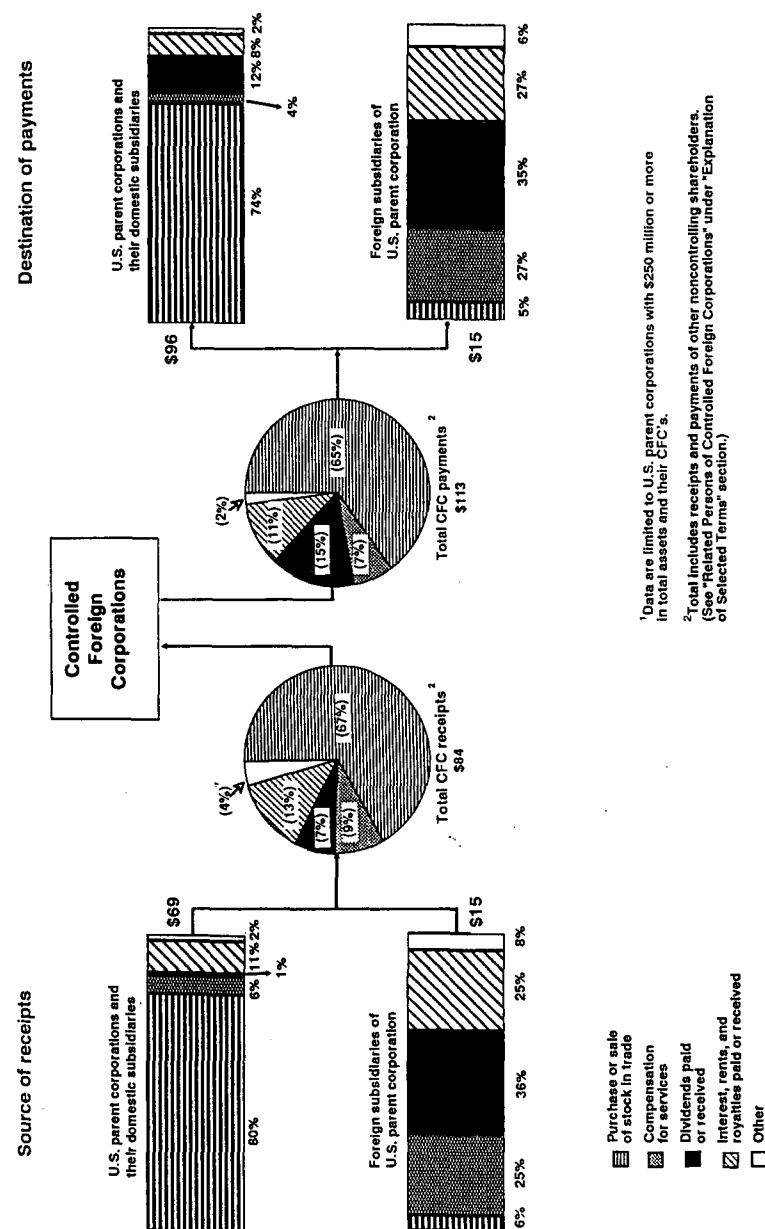
Net payments deficits showed up in the transportation and public utilities and finance, insurance and real estate industrial divisions. These deficits were \$1.7 billion and \$568 million, respectively. In 1982 the U.S. groups in the transportation and public utilities industries had a deficit of over \$400 million while finance, insurance and real estate companies had a small surplus of \$50 million.

Purchases of stock in trade (i.e., purchases of merchandise in the ordinary course of trade or business) by CFC's from their U.S. affiliates and related foreign companies (\$71.9 billion) was greater than all other CFC payments combined, as is shown in Figure D. Most purchases of stock in trade were made from the U.S. parent corporation and its domestic affiliates, \$71.1 billion, rather than from related foreign corporations. Payments to related

Figure D

Flow of Receipts and Payments Between Controlled Foreign Corporations and Related Corporations, 1984¹

(Percentage of total and billions of dollars)



¹Data are limited to U.S. parent corporations with \$250 million or more in total assets and their CFC's.

²Total includes receipts and payments of other noncontrolling shareholders. (See "Related Percent of Controlled Foreign Corporations" under "Explanation of Selected Terms" section.)

CFC's were more likely to be in the form of compensation for services, dividends, or interest, rents and royalties.

More than 80 percent of CFC payments to related corporations were made to their U.S. parent corporations or their domestic subsidiaries. As Figure D shows, the U.S. affiliates received \$96.4 billion from CFC's in 1984, while paying them \$68.6 billion in return. CFC receipts from related foreign corporations were only \$14.6 billion and payments to these foreign corporations were \$15 billion.

Sales of stock in trade were the largest source of receipts for CFC's. Receipts from the sale of stock in trade to the U.S. parent corporation and its domestic subsidiaries totaled \$54.9 billion in 1984. This was 66 percent of all CFC receipts from related persons. CFC receipts from related foreign corporations were more often dividends (\$5.2 billion); interest, rents and royalties (\$3.7 billion); and compensation for services (\$3.7 billion), rather than sales of stock in trade (\$0.9 billion).

CFC transactions with related persons are very significant when they are compared with U.S. exports and imports. U.S. exports in 1984 totaled \$217.9 billion of which almost one-third (\$71.1 billion) was due to CFC purchases of stock in trade from U.S. parent corporations and their domestic subsidiaries. Sales of stock in trade by CFC's to the U.S. affiliated group (\$54.9 billion) accounted for almost 17 percent of U.S. imports for 1984 (\$325.7 billion). These percentages decreased only slightly compared to 1982; therefore CFC transactions with U.S. parents and affiliates did not quite keep pace with the growth in both U.S. exports and imports [16].

RECENT CFC INCORPORATIONS

Figure E shows the number of incorporations of CFC's for 1975 to 1984 and the total amount of 1984 CFC assets. New incorporations of CFC's appear to have peaked about 1980 and then began a gradual decline. There was, however, a slight rise from 1983 to 1984, possibly an effect of the recovery from the recession of the early 1980's and an eagerness for expansion by large U.S. multinationals. The number of incorporations for 1984 may actually have been larger than 1,086 since the data include only CFC's whose accounting periods ended within the parent corporation's accounting period. Those CFC's incorporated later in the year may have had accounting periods ending later than their parent's and, therefore, would not be included in the statistics.

In 1984, 1,086 CFC's were incorporated by large U.S. multinational corporations. These CFC's had

Figure E.—Number and Total Assets of CFC's Incorporated After 1974, by Year of Incorporation

(Money amounts are in millions of dollars)

Year of incorporation	Number of CFC's	1984 total assets
All years, total	27,008	\$595,406
1984	1,086	11,098
1983	1,004	15,131
1982	1,129	22,844
1981	1,130	25,691
1980	1,179	19,580
1979	1,037	20,457
1978	973	18,974
1977	807	15,744
1976	755	8,893
1975	749	7,890
Pre-1975	17,159	428,996

just over \$11 billion in assets and generated \$32 million in earnings and profits before taxes as shown in Figure F. The new CFC's in mining, construction, and wholesale and retail trade generated large losses, possibly reflecting high start-up costs.

Figure F.—Number, Total Assets and Earnings and Profits of CFC's Incorporated in 1984, by Selected Industry

(Money amounts are in millions of dollars)

Selected industrial divisions	Number of CFC incorporations	Total assets	Pre-tax earnings and profits
	(1)	(2)	(3)
All industries ¹	1,086	\$11,098	\$32
Mining	45	981	-46
Construction	11	37	-2
Manufacturing	189	1,381	2
Transportation and public utilities	25	310	3
Wholesale and retail trade	132	1,261	-6
Finance, insurance and real estate	149	6,308	78
Services	94	388	30
Inactive	421	211	-

¹ Includes CFC's the nature of whose business was not allocable by industry

More than one-half of all assets held by newly incorporated CFC's were held by those in the finance, insurance and real estate division, with 25 percent of these assets held specifically by holding and other investment companies. These CFC's also generated the largest amount of pre-tax earnings and profits, \$78 million. Greater than one-third of newly incorporated CFC's were inactive for 1984. This reflects the practice of incorporating to establish a presence abroad in anticipation of future operations. Many large U.S. corporations establish CFC's at the end of one tax year but do not begin operations until the next year.

Figure G shows all CFC's and their assets by selected industry compared to CFC's incorporated after 1974 and their assets. While 36 percent of all CFC's were incorporated after 1974, these CFC's held only 28 percent of all assets indicating that newer CFC's tend to be smaller. Many are nameholder corporations with few assets. More than one-half of all CFC's in the mining industry were incorporated in the 10-year period, 1975-1984, per-

Figure G.—Total Controlled Foreign Corporations Compared to Controlled Foreign Corporations Incorporated After 1974, by Selected Industry¹

(Money amounts are in millions of dollars)

Selected CFC industry	Total number of CFC's	Total CFC assets	CFC's incorporated after 1974			
			Number	Total assets	Percentage of	
					Total number	Total assets
	(1)	(2)	(3)	(4)	(5)	(6)
All industries ²	27,008	\$595,406	9,849	\$166,410	36%	28%
Agriculture, forestry and fishing	161	979	50	190	31	19
Mining	821	25,901	455	9,845	55	38
Manufacturing	172	3,643	76	811	44	22
Oil and gas extraction	602	21,604	359	8,611	60	40
Construction	396	4,779	171	965	43	20
Manufacturing	7,259	219,454	2,153	31,842	30	15
Food and kindred products	650	16,138	158	2,276	24	14
Apparel and other textile products	126	1,408	41	287	33	20
Paper and allied products	167	5,107	36	347	22	7
Printing and publishing	242	1,815	64	389	26	21
Chemicals and allied products	1,638	39,610	380	4,766	22	12
Petroleum (including integrated) and coal products	125	31,596	27	3,936	22	12
Rubber and miscellaneous plastic products	213	4,108	61	310	29	8
Stone, clay and glass products	133	2,765	39	990	29	36
Primary metal industries	149	4,265	40	309	27	7
Fabricated metal products	581	6,179	183	1,334	31	22
Machinery, except electrical	782	29,499	242	2,802	31	9
Electrical and electronic equipment	934	24,229	379	6,078	41	25
Motor vehicles and equipment	249	29,757	82	2,127	33	7
Instruments and related products	342	6,668	132	1,589	39	24
Transportation and public utilities	626	16,223	258	4,315	41	27
Water transportation	261	6,960	101	1,115	39	18
Wholesale and retail trade	4,646	74,983	1,879	13,493	40	42
Finance, insurance and real estate	3,915	228,186	1,912	96,601	49	45
Banking	322	66,304	150	16,345	47	25
Credit agencies other than banks	710	58,365	370	31,005	52	52
Insurance	531	23,623	308	5,677	58	24
Real estate	385	3,237	128	1,703	33	53
Holding and other investment companies, except bank holding companies	1,291	61,088	632	32,155	49	53
Services	2,571	19,437	1,159	8,939	45	46

¹ Includes only those foreign corporations controlled by U.S. corporations with \$250 million or more in total assets.

² Includes CFC's the nature of whose business was not allocable by industry, and inactive CFC's which are not shown separately.

ticularly oil and gas extracting corporations of which 60 percent were incorporated since 1974. Almost one-half of finance, insurance and real estate CFC's were incorporated in the same period. These industries are in sharp contrast to manufacturing companies, of which only 30 percent were incorporated since 1974.

SUMMARY

U.S. multinational corporations continued to have a strong presence abroad, controlling over 27,000 foreign corporations in 1984. These CFC's held \$595 billion in assets and generated \$625 billion of receipts. Pre-tax earnings and profits of all CFC's for 1984 rose 32 percent from 1982 while assets rose only seven percent. More than one-half of all active CFC's were involved in manufacturing or trade industries. Due to the much larger rise in pre-tax earnings and profits than in assets, profitability levels rose 1.6 percent from 1982, a 24 percent change. Mining (because of oil and gas extraction) was the most profitable industrial division in 1984 and finance, insurance and real estate the least profitable.

CFC payments to their U.S. parent corporations and affiliated groups exceeded receipts from these companies by \$27.8 billion in 1984. In contrast, the U.S. current account deficit was \$106.5 billion. CFC purchases of stock in trade from U.S. parent corporations and their domestic affiliates amounted to almost one-third of the total \$218 billion of U.S. exports in 1984.

Almost 40 percent of all CFC's were incorporated in the 10-year period from 1975 through 1984. These CFC's were, however, smaller in asset size than the older CFC's. The number of new incorporations in 1984 rose slightly from 1983, possibly reversing the downward movement that took place after 1980.

DATA SOURCES AND LIMITATIONS

The statistics in this article were derived from all U.S. corporation income tax returns with total assets of \$250 million or more and with accounting periods ended July 1984 through June 1985, and from attached Form(s) 5471 (Information Return with Respect to a Foreign Corporation). This form replaced Form 2952, (Information Return with Respect to Controlled Foreign Corporations), in

1983. Only a handful of Forms 2952 were filed for Income Year 1984 and are included in the data.

Sampling variability was not originally a factor in this study, since returns were selected at a rate of 100 percent and thus equaled the complete population. However, certain taxpayers did not provide the necessary information or provided only partial information for some CFC's. These CFC's (approximately 1,500 corporations) are not included in the data presented here and no attempt was made to weight the sample to adjust for them. For purposes of this article, the sample was considered to be the population (see footnote 1.)

Not all of the information regarding CFC transactions (e.g., transactions with unrelated parties) is available from Statistics of Income data. However, total business receipts, earnings and profits, foreign taxes and transactions between CFC's and related parties (U.S. parent corporations and their domestic and foreign subsidiaries) are reported as part of the parent corporation's U.S. income tax return and included in this article.

U.S. parent corporations were classified by the principal business activity reported on the corporation income tax return. Many returns were filed by diversified corporations, and therefore included significant receipts, profits, and other items related to activities other than the principal business activity.

Controlled Foreign Corporations were also classified by their principal business activity as reported on Form 5471. As such, certain receipts, profits, and transaction items may have been related to secondary business activities. It is not possible to measure the extent of these secondary operations.

When U.S. corporations filed consolidated Forms 5471 with aggregated data for several foreign companies, follow-up requests were made in cases where large money amounts were reported in an attempt to obtain the CFC information on a disaggregated basis. More than 75 percent of these requests were successful. Where no information was received, the data were left consolidated under the industry in which it was originally reported. Less than one percent of the CFC's included in the file contain financial information for a consolidated group of CFC's.

In some cases, sufficient detail was not provided to indicate by whom the CFC was directly controlled (i.e., by a domestic or a foreign parent). Data for these CFC's were corrected by using the transactions they reported with related corporations to determine the recipient of any dividends. If this

information was not conclusive, a previous-year record of the CFC or other reference material was used to determine the ownership.

The 1984 data are based on returns filed by U.S. corporations with full-year accounting periods ending between July 1984 and June 1985. Generally, part-year returns were deleted from the sample to avoid double counting of financial data. According to IRS regulations, a U.S. corporation had to submit a Form 5471 for any Controlled Foreign Corporation with an accounting period ending with or within the U.S. parent's accounting period. Therefore, CFC accounting periods may have ended as early as August 1983 (and, thus, began in September 1982) or as late as June 1985. However, most CFC activity did occur in Calendar Year 1984.

EXPLANATION OF SELECTED TERMS

Business Receipts of Controlled Foreign Corporations.—Business receipts were, in general, gross receipts or gross sales less returns and allowances reported for CFC's on Forms 5471. In the finance, insurance, and real estate industries, business receipts were generally the total income or receipts of the CFC and may have included other types of income such as interest, rents, royalties and other investment income. This definition differs from that used for the business receipts statistics for domestic corporations which generally excludes investment income.

Current Earnings and Profits of Controlled Foreign Corporations.—This item represents the difference between the accumulated beginning and ending year balances of earnings and profits available for distribution to the stockholders. In this report, pre-tax current earnings and profits are shown. For Form 5471 purposes, the earnings and profits reported for a foreign corporation had to be calculated under U.S. accounting standards, as required by Internal Revenue regulations.

Distributions of Controlled Foreign Corporations.—The distributions of CFC's consisted mostly of dividends. Capital gain distributions, and distributions paid out of capital (including capital stock, paid-in capital, and capital surplus) were generally not included. Liquidating dividends may have also been included.

Foreign Income Taxes Paid by Controlled Foreign Corporations.—These were foreign income, war profits, and excess profits taxes paid or accrued by CFC's to foreign countries or U.S. possessions (including Puerto Rico). Also included were taxes imposed by other countries (including the United

States) in cases in which the CFC had business operations in countries other than the one in which it was incorporated.

Inactive Controlled Foreign Corporations.—Inactive Controlled Foreign Corporations were those that reported no income, deductions, or foreign income taxes paid, but which may have reported dividends paid out of prior-year earnings and profits. These dividends, plus the total assets of these CFC's, are included in the statistics.

Related Persons of Controlled Foreign Corporations.—Five categories of related persons of CFC's were shown on Forms 5471 for the purpose of reporting transactions. They were the U.S. corporation filing the return, a domestic corporation controlled by the U.S. corporation filing the return, a foreign corporation controlled by the U.S. corporation filing the return, a 10-percent-or-more U.S. shareholder of the CFC (other than the controlling shareholder), and a 10-percent-or-more U.S. shareholder of the U.S. corporation filing the return.

Sales (and Purchases) of Stock in Trade.—These were sales (and purchases) of merchandise in the ordinary course of trade or business.

Subpart F Income.—Subpart F provisions of the Internal Revenue Service Code (section 952) allowed the United States to tax U.S. shareholders on certain types of CFC income that, although undistributed to them, were deemed to have been distributed and were thereby taxable currently, generally at the same rate(s) as dividends. Subpart F income included the following for 1984: income derived from the insurance of U.S. risks; international boycott participation income; illegal bribes, kickbacks, or other payments to a government official; and "foreign base company income" (i.e., income from a foreign personal holding company and certain types of sales, service, shipping and oil-related income from a foreign base company). Also includible as income from CFC's were amounts of previously excluded Subpart F income meeting certain criteria and increases in foreign corporations' earnings invested in U.S. property.

Transactions of Controlled Foreign Corporations.—Controlled Foreign Corporation transactions were reported on Forms 5471 for five categories of related persons (described previously under "Related Persons of Controlled Foreign Corporations") which dealt with the CFC's. The transactions shown include receipts and payments for such items as stock in trade, dividends, rents and royalties, commissions, services rendered, interest, insurance premiums, and property rights.

U.S. Affiliated Groups.—The U.S. parent corporation and all of its wholly-owned domestic subsidiaries included in the filing of a consolidated U.S. income tax return (Form 1120).

NOTES AND REFERENCES

- [1] Due to incomplete reporting of financial information on Forms 5471, approximately 1,500 Controlled Foreign Corporations (CFC's) are not included in the data. However, it is estimated that the 27,008 CFC's for which data are presented in this article represent 95 percent or more of all the financial data for the population and therefore, are comparable to 1982 data. Throughout the rest of this article, all references to the CFC population will include only the data for the 27,008 CFC's. (See also "Data Sources and Limitations" at the end of this article.)
- [2] For purposes of this article, data are included only for foreign corporations controlled by U.S. corporations with \$250 million or more in total assets. Subsequent use of the terms "large U.S. multinationals" or "U.S. giant corporations" refers to this group of corporations. Historically, more than two-thirds of all U.S.-controlled foreign corporations have been controlled by U.S. giant corporations. More significantly, both the assets and business receipts of CFC's controlled by these large U.S. corporations have accounted for more than 90 percent of the total assets and business receipts of all CFC's. See statistics on Controlled Foreign Corporations for 1980 in the *Statistics of Income Bulletin*, Summer 1984, Volume 3, Number 4.
- [3] Heller, Kenneth, *The Impact of U.S. Taxation on the Financing and Earnings Remittance Decisions of U.S.-based Multinational Firms with Controlled Foreign Corporations*, Arno Press, 1980, pp. 2-3.
- [4] Heller, *Op. cit.*, pp. 3-4.
- [5] Heller, *Op. cit.*, p. 87.
- [6] Passive types of income include such receipts as interest, dividends and certain types of rents and royalties.
- [7] Control by a U.S. corporation was extended to lower-tier foreign corporations through a chain of control. Thus, a U.S. corporation could own

more than 50 percent of a foreign corporation (first-tier) which, in turn, could own more than 50 percent of a second-tier foreign corporation, which, in turn, could own more than 50 percent of a third-tier foreign corporation, and so forth. A Form 5471 had to be filed for each of these foreign corporations.

- [8] More recently, the Tax Reform Act of 1986 expanded further the definition of Subpart F income. Generally, these changes apply to taxable years of foreign corporations beginning after December 31, 1986.

- [9] For purposes of this analysis, a CFC's return on assets is defined as the ratio of earnings and profits before taxes to total assets. Net income (before taxes), i.e., net income computed under provisions of the Internal Revenue Code, is used in place of earnings and profits for purposes of computing the U.S. parent corporations' return on assets because earnings and profits, as such, is not reported by the parent. To the extent that the concept of earnings and profits differs from that of net income, the comparison of a CFC's return on assets to the U.S. parent corporation's return on assets is limited.

- [10] Willoughby, Jack, "Shipwreck," *Forbes*, July 29, 1985, p. 116.

- [11] Simenauer, Ronald, "Controlled Foreign Corporations, 1982: An Industry Focus," *Statistics of Income Bulletin*, Summer 1986, Volume 6, Number 1.

- [12] The balance of payments surplus may be somewhat misleading due to the inclusion of dividends paid and received. If dividends received and paid are excluded from the totals the balance of payments surplus would fall from \$27.8 billion to \$16.4 billion.

- [13] U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, June 1986. The current account is defined as the exports of goods and services (including receipt of income on U.S. assets abroad) minus both imports of goods and services (including payment of income on foreign assets in the U.S.) and net unrelated transfers (excluding military grants of goods and services).

- [14] U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, June 1985.

- [15] Amounts loaned to or borrowed from U.S.-affiliated groups were subtracted from 1982 transaction amounts for comparability with 1984 data. These data were not tabulated for 1984 since they were no longer required to be reported as part of the foreign corporation transaction schedule for 1984.

- [16] U.S. Department of Commerce, Bureau of the Census, *Highlights of U.S. Export and Import Trade*, FT 990, monthly. Data from this source are based on the 1984 calendar year, while CFC data are based on accounting periods of U.S. parent corporations ended July 1984 through June 1985 and accounting periods of CFCs ending with, or within, the U.S. parent corporation's accounting period.

Table 1.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporations, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation

(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation long return and size of total assets of Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Controlled Foreign Corporations		Foreign income taxes (net)	Actual distributions in current year	Subpart income
						Foreign corporations with current earnings and profits (+) before taxes				
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
All industries, total	1,103	27,006	595,406,489	624,529,988	48,591,785	57,489,806	19,868,594	19,663,431	17,429,494	4,420,024
Assets zero or not reported	564	3,024	—	2,784,107	17,277	295,574	63,452	66,866	83,405	42,401
\$1 under \$1,000,000	871	9,028	2,238,541	4,091,467	157,472	587,854	90,796	98,987	128,832	27,277
\$1,000,000 under \$10,000,000	617	8,129	31,617,767	44,893,839	2,636,065	4,133,612	1,252,855	1,273,754	1,139,365	247,644
\$10,000,000 under \$100,000,000	723	4,834	151,354,099	169,786,907	12,278,867	15,129,589	4,506,848	4,506,718	4,634,444	1,386,889
\$100,000,000 or more	295	1,093	410,200,083	402,973,669	33,448,105	37,322,976	13,960,832	13,717,103	11,443,448	2,715,811
Agriculture, forestry and fishing	4	116	936,515	1,102,708	39,232	59,882	20,042	21,768	17,851	1,173
Assets zero or not reported	—	—	—	—	—	—	—	—	—	—
\$1 under \$1,000,000	4	36	9,432	20,689	-354	157	28	-55	32	—
\$1,000,000 under \$10,000,000	—	—	—	—	—	—	—	—	—	—
\$10,000,000 under \$100,000,000	4	24	591,670	536,075	23,591	35,093	12,284	14,079	17,403	—
\$100,000,000 or more	—	—	—	—	—	—	—	—	—	—
Mining	46	602	9,885,843	5,930,863	1,494,624	1,697,599	958,810	953,598	630,151	135,543
Assets zero or not reported	25	100	—	29,077	-13,918	5,285	1,319	1,374	277	2,305
\$1 under \$1,000,000	35	225	43,121	26,655	-11,098	10,380	988	1,017	1,927	602
\$1,000,000 under \$10,000,000	31	137	606,375	394,591	36,330	75,873	15,129	14,962	41,074	19,222
\$10,000,000 under \$100,000,000	29	120	3,807,044	1,648,561	267,012	387,301	122,382	119,253	156,242	47,974
\$100,000,000 or more	9	20	5,429,302	3,831,980	1,214,292	1,218,750	816,992	816,992	430,630	65,436
Metal mining	6	54	1,100,961	121,500	39,570	43,168	19,542	18,245	20,325	1,078
Assets zero or not reported	5	7	—	—	—	—	—	—	—	—
\$1 under \$1,000,000	5	25	3,561	4,089	-45	95	1	1	32	10
\$1,000,000 under \$10,000,000	—	—	—	—	3,202	3,672	923	923	965	1,062
\$10,000,000 under \$100,000,000	5	-11	50,457	6,018	—	—	—	—	—	—
\$100,000,000 or more	—	—	—	—	—	—	—	—	—	—
Oil and gas extraction	33	512	8,517,348	5,686,333	1,423,295	1,619,070	935,442	933,527	809,711	130,750
Assets zero or not reported	15	83	—	8,222	-16,423	2,779	532	532	777	2,305
\$1 under \$1,000,000	27	185	35,614	19,317	-12,558	6,418	987	1,016	1,849	521
\$1,000,000 under \$10,000,000	21	119	512,608	350,475	30,091	68,986	13,222	13,054	40,040	17,773
\$10,000,000 under \$100,000,000	22	107	3,311,377	1,478,340	205,436	322,738	103,763	101,932	136,914	44,709
\$100,000,000 or more	7	18	4,657,748	3,831,980	1,216,749	1,218,750	816,992	816,992	430,630	65,436
Construction	19	384	3,826,697	2,917,905	416,794	481,479	122,388	121,488	194,572	44,684
Assets zero or not reported	11	62	—	34	-50	—	—	—	—	—
\$1 under \$1,000,000	13	159	28,682	42,368	-3,544	8,203	536	555	1,585	47
\$1,000,000 under \$10,000,000	16	101	373,070	400,769	13,043	36,917	10,000	9,328	6,664	337
\$10,000,000 under \$100,000,000	14	54	1,760,669	1,432,796	196,449	205,403	62,551	62,303	115,156	20,876
\$100,000,000 or more	4	8	1,664,277	1,041,938	210,896	210,896	49,301	49,301	71,167	23,404
Manufacturing	581	18,805	390,581,396	500,334,516	40,379,971	47,969,980	17,109,507	16,839,916	14,904,646	3,374,996
Assets zero or not reported	331	2,621	—	2,306,163	36,169	214,111	49,252	52,612	77,314	4,880
\$1 under \$1,000,000	503	5,753	1,525,040	3,050,847	173,614	455,601	62,383	60,909	95,646	18,285
\$1,000,000 under \$10,000,000	497	6,100	23,984,990	37,527,926	2,065,487	3,265,639	1,033,060	1,051,195	921,673	183,235
\$10,000,000 under \$100,000,000	438	3,617	112,023,550	138,172,141	10,252,581	12,472,787	3,796,071	3,760,837	3,866,554	1,082,154
\$100,000,000 or more	175	714	253,047,816	319,277,438	27,842,100	31,561,842	12,168,739	11,914,364	9,943,360	2,086,141
Food and kindred products	43	1,831	22,565,728	31,414,654	2,714,895	3,050,716	791,131	776,835	960,637	270,378
Assets zero or not reported	20	285	—	113,891	14,409	16,308	1,111	1,160	7,604	4
\$1 under \$1,000,000	39	651	140,535	585,478	199,297	212,694	8,901	9,060	27,043	1,852
\$1,000,000 under \$10,000,000	34	502	1,974,696	3,148,578	210,353	302,510	71,148	70,992	96,839	26,842
\$10,000,000 under \$100,000,000	29	344	11,010,960	15,548,690	1,290,749	1,466,166	419,755	405,191	530,862	107,312
\$100,000,000 or more	20	49	9,433,536	12,018,016	1,000,086	1,053,038	290,216	290,532	298,290	134,368
Chemicals and allied products	72	3,940	58,528,756	60,877,842	6,539,859	7,382,393	2,473,937	2,453,161	2,100,613	813,540
Assets zero or not reported	55	617	—	218,943	13,861	23,885	4,503	5,295	12,608	1,732
\$1 under \$1,000,000	65	1,182	302,072	506,548	22,874	68,769	15,231	14,374	24,968	7,920
\$1,000,000 under \$10,000,000	69	1,300	5,117,531	7,705,200	484,711	740,675	237,275	243,582	258,236	45,531
\$10,000,000 under \$100,000,000	61	730	21,995,940	24,752,002	2,252,740	2,689,183	895,578	878,910	862,636	259,243
\$100,000,000 or more	36	111	31,113,113	27,695,150	3,765,674	3,859,880	1,321,350	1,310,999	942,264	499,015
Petroleum (including integrated) and coal	35	1,932	99,994,391	173,001,490	12,612,098	15,588,958	6,708,937	6,507,866	6,134,363	707,290
Assets zero or not reported	27	299	—	365,140	-10,655	84,160	37,137	36,840	7,607	13
\$1 under \$1,000,000	33	424	129,726	340,701	-57,236	81,790	2,866	2,548	12,372	5,288
\$1,000,000 under \$10,000,000	26	472	1,907,876	4,631,555	150,542	362,922	153,595	157,601	98,949	4,580
\$10,000,000 under \$100,000,000	26	333	10,729,362	19,822,944	793,845	1,129,150	313,252	310,249	397,629	101,092
\$100,000,000 or more	20	174	87,227,428	147,841,049	11,735,602	13,990,935	6,202,086	6,000,627	5,627,906	596,318
Primary metal industries	40	1,033	14,034,236	10,486,406	332,153	771,022	168,394	134,945	193,123	126,111
Assets zero or not reported	20	152	—	1,553	706	1,273	10	2,420	2,313	100
\$1 under \$1,000,000	31	352	77,154	89,038	-3,605	10,428	2,612	2,626	3,947	74
\$1,000,000 under \$10,000,000	36	310	1,246,683	1,339,859	63,589	121,638	27,027	29,173	30,780	8,763
\$10,000,000 under \$100,000,000	27	186	5,974,371	5,763,013	145,597	360,611	74,983	69,248	120,423	81,374
\$100,000,000 or more	10	30	6,736,029	3,292,942	125,665	276,961	63,762	34,093	39,607	35,742
Nonmetallic mineral products, except electrical	88	1,950	51,882,026	50,103,336	7,430,539	7,889,513	3,045,754	3,020,664	1,883,219	481,385
Assets zero or not reported	36	244	—	91,482	14,096	15,756	945	615	21	74
\$1 under \$1,000,000	62	497	152,225	227,601	-6,316	21,202	4,860	2,626	3,947	79
\$1,000,000 under \$10,000,000	62	633	2,556,437	3,030,453	194,827	314,724	96,140	97,333	57,392	21,708
\$10,000,000 under \$100,000,000	60	474	15,080,755	15,001,742	1,116,877	1,395,288	532,085	518,446	281,150	308,295
\$100,000,000 or more	22	102	34,092,009	31,752,058	6,111,056	6,242,543	2,411,724	2,401,642	1,540,710	308,295
Not classified	20	102	34,092,009	31,752,058	6,111,056	6,242,543	2,411,724	2,401,642	1,540,710	308,295

Table 1.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing return and size of total assets of Controlled Foreign Corporation	Number of U.S. corporation returns	Controlled Foreign Corporations									
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficits) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income	
						Current earnings and profits before taxes	Foreign income taxes (net)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
Manufacturing—Continued											
Electrical and electronic equipment	70	2,270	37,641,993	39,205,015	2,701,272	3,255,924	733,755	721,578	838,293	223,498	
Assets zero or not reported	31	229	—	72,207	—	17,411	2,496	211	3,391	6,937	194
\$1 under \$1,000,000	59	865	196,988	291,645	—	11,872	7,327	6,986	2,237	6,986	153
\$1,000,000 under \$10,000,000	63	813	3,259,962	4,960,089	246,535	394,985	130,598	132,575	104,107	19,787	
\$10,000,000 under \$100,000,000	52	479	14,709,565	16,211,915	1,359,948	1,635,950	347,413	352,285	539,167	94,061	
\$100,000,000 or more	13	64	19,475,477	15,660,159	1,124,073	1,195,509	248,206	224,090	179,115	109,292	
Motor vehicles and equipment	20	925	47,132,506	70,477,798	2,430,468	3,550,208	1,223,582	1,252,124	993,079	289,493	
Assets zero or not reported	15	118	—	1,178,127	—	30,452	13,649	1,476	19,356	—	
\$1 under \$1,000,000	18	235	83,825	180,533	4,971	13,585	1,336	1,325	2,370	18	
\$1,000,000 under \$10,000,000	16	359	1,227,809	2,626,281	20,662	98,238	29,010	29,962	23,401	3,299	
\$10,000,000 under \$100,000,000	17	137	4,690,006	7,203,992	266,911	392,849	140,435	143,287	101,549	56,050	
\$100,000,000 or more	10	76	41,130,866	59,288,865	2,148,376	3,031,886	1,051,305	1,076,579	846,404	210,127	
Transportation equipment, except motor vehicles	20	580	5,907,382	6,673,398	578,972	696,550	231,942	233,006	216,134	53,226	
Assets zero or not reported	10	61	—	13,289	26,507	—	145	—	2,553	—	
\$1 under \$1,000,000	17	203	56,467	83,081	—	10,325	1,733	1,724	513	572	
\$1,000,000 under \$10,000,000	14	194	797,750	1,255,238	51,787	86,661	31,830	32,572	26,014	3,546	
\$10,000,000 under \$100,000,000	13	115	3,630,012	4,166,019	319,817	291,881	132,742	132,073	118,008	24,332	
\$100,000,000 or more	5	7	1,423,152	1,355,771	179,302	181,375	65,782	69,147	24,771		
Instruments and related products	23	807	11,513,591	15,490,503	1,270,096	1,437,020	466,927	476,545	344,565	155,856	
Assets zero or not reported	18	77	—	643	2,920	3,236	—	—	2,250	—	
\$1 under \$1,000,000	22	232	80,383	160,138	—	1,031	12,554	4,418	4,297	1,262	145
\$1,000,000 under \$10,000,000	22	311	1,227,569	1,998,735	143,586	192,640	53,233	53,660	49,500	6,711	
\$10,000,000 under \$100,000,000	21	167	4,619,363	6,360,418	597,038	684,240	212,671	221,983	207,502	73,557	
\$100,000,000 or more	5	20	5,586,276	6,950,569	527,583	544,350	196,606	196,069	84,061	75,443	
Transportation and public utilities	106	1,508	25,021,612	14,153,603	1,299,288	1,572,265	357,612	369,756	297,736	334,528	
Assets zero or not reported	47	218	—	45,887	—	1,952	7,265	1,665	1,666	2,937	302
\$1 under \$1,000,000	69	577	131,211	184,577	—	915	24,307	4,541	5,120	10,282	1,737
\$1,000,000 under \$10,000,000	56	423	1,645,036	1,625,251	121,640	180,892	39,425	41,115	54,804	16,309	
\$10,000,000 under \$100,000,000	54	242	7,603,191	4,427,684	418,414	568,007	142,791	142,666	114,857	88,971	
\$100,000,000 or more	27	48	15,642,174	7,870,194	762,111	791,794	169,190	170,168	114,836	227,209	
Water transportation	10	142	780,470	112,346	18,611	39,466	1,290	3,534	19,405	6,368	
Assets zero or not reported	7	24	—	8,901	—	351	—	—	—	—	
\$1 under \$1,000,000	6	63	12,385	10,669	—	1,206	63	77	—	622	
\$1,000,000 under \$10,000,000	9	34	168,985	41,923	1,396	9,952	966	1,894	—	1,430	
\$10,000,000 under \$100,000,000	—	—	—	—	—	—	—	—	—	—	
\$100,000,000 or more	—	—	—	—	—	—	—	—	—	—	
Wholesale and retail trade	116	1,404	32,356,191	72,992,450	1,631,937	2,120,430	487,710	518,299	559,330	215,031	
Assets zero or not reported	50	233	—	67,870	—	16,972	2,335	2,335	982	12,433	
\$1 under \$1,000,000	61	526	112,341	244,828	—	9,940	14,967	4,516	12,779	6,575	2,666
\$1,000,000 under \$10,000,000	76	360	1,370,838	2,232,022	106,374	178,162	47,219	45,748	33,369	13,957	
\$10,000,000 under \$100,000,000	63	214	6,862,664	16,519,399	398,746	524,998	118,409	142,184	150,468	70,530	
\$100,000,000 or more	15	61	23,992,348	53,928,333	1,320,944	1,385,431	315,232	315,253	367,935	115,444	
Wholesale trade	63	821	18,094,843	56,901,635	1,016,206	1,217,718	255,192	287,324	345,863	72,583	
Assets zero or not reported	23	92	—	33,114	802	1,932	957	957	982	2,144	
\$1 under \$1,000,000	41	334	72,179	171,974	—	14,382	7,703	2,483	10,643	5,394	8,200
\$1,000,000 under \$10,000,000	43	227	878,805	1,516,124	80,427	119,905	28,766	28,132	58,511	28,989	
\$10,000,000 under \$100,000,000	38	136	4,212,707	14,400,686	235,048	324,780	84,504	109,089	58,511	33,251	
\$100,000,000 or more	6	32	12,931,152	40,779,737	714,312	763,396	138,483	138,504	252,933	33,251	
Petroleum and petroleum products	8	107	4,297,072	14,932,001	282,660	319,103	110,508	112,028	203,395	33,637	
Assets zero or not reported	7	34	6,848	2,288	—	876	7	8	100	1,752	
\$1 under \$1,000,000	7	34	150,136	134,607	8,124	13,531	4,300	4,300	2,282	3,748	
\$1,000,000 under \$10,000,000	5	22	803,507	5,514,897	53,203	63,320	27,937	29,435	11,368		
\$10,000,000 under \$100,000,000	—	—	—	—	—	—	—	—	—	—	
\$100,000,000 or more	—	—	—	—	—	—	—	—	—	—	
Retail trade	53	583	14,263,348	16,090,815	815,731	902,712	232,518	230,875	212,657	142,448	
Assets zero or not reported	27	141	—	34,755	15,039	1,378	1,378	1,378	1,181	5,157	
\$1 under \$1,000,000	40	202	40,162	72,652	4,542	7,164	2,033	2,137	5,527	41,442	
\$1,000,000 under \$10,000,000	33	133	492,033	715,898	25,947	56,257	18,452	17,615	91,958	82,193	
\$10,000,000 under \$100,000,000	25	78	2,669,957	2,118,713	163,698	200,218	33,906	33,095	91,958	82,193	
\$100,000,000 or more	9	26	11,061,197	13,148,596	606,532	622,034	178,749	176,749	115,001		
Finance, insurance and real estate	169	2,934	126,591,844	23,001,761	2,730,451	3,030,724	675,064	682,550	660,896	242,087	
Assets zero or not reported	68	422	—	248,703	14,571	26,477	6,577	6,582	1,549	2,304	
\$1 under \$1,000,000	117	1,234	244,620	289,050	10,724	45,248	9,903	10,568	41,538	7,445	
\$1,000,000 under \$10,000,000	93	615	2,223,239	1,386,476	174,789	242,050	59,964	63,501	167,424	43,146	
\$10,000,000 under \$100,000,000	83	427	15,092,855	4,546,022	169,317	499,652	631,585	621,585	445,520	181,051	
\$100,000,000 or more	59	236	108,031,129	16,531,501	2,030,674	2,085,363	429,303	438,951	445,520		
Banking	59	1,066	66,236,101	10,870,837	1,510,715	1,605,013	395,072	396,038	335,258	122,483	
Assets zero or not reported	24	133	—	51,628	6,401	10,832	1,114	1,120	1,071	986	
\$1 under \$1,000,000	39	369	72,066	83,412	—	15,741	3,954	4,110	60,761	11,707	
\$1,000,000 under \$10,000,000	30	211	768,996	197,966	57,672	72,712	23,221	25,211	68,659	102,491	
\$10,000,000 under \$100,000,000	34	198	7,470,368	1,224,873	251,180	275,052	69,201	68,659	254,787		
\$100,000,000 or more	25	155	77,924,650	9,312,958	1,195,662	1,230,676	287,562	296,938			

Footnote at end of table

Table 1.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing return and size of total assets of Controlled Foreign Corporation	Number of U.S. corporation returns	Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficits) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Finance, insurance and real estate—Continued										
Insurance	43	508	12,794,273	4,220,417	389,670	446,435	65,898	66,892	76,604	52,359
Assets zero or not reported	17	70	—	187,998	—	11,925	4,494	4,494	1,300	—
\$1 under \$1,000,000	30	210	46,275	54,792	2,881	6,795	1,743	1,771	1,270	1,827
\$1,000,000 under \$10,000,000	25	110	448,217	315,176	27,745	35,937	10,164	9,800	2,211	3,199
\$10,000,000 under \$100,000,000	25	93	2,983,523	1,201,339	79,152	118,063	27,362	25,227	50,821	7,523
\$100,000,000 or more	12	25	9,316,257	2,461,113	271,940	273,715	22,136	25,400	23,002	39,810
Holding and other investment companies, except bank holding companies										
Assets zero or not reported	13	382	4,386,152	4,263,824	209,824	241,206	55,487	52,913	87,498	21,625
\$1 under \$1,000,000	6	37	—	793	—	—	—	—	—	—
\$1,000,000 under \$10,000,000	11	213	34,902	38,527	—	2,215	520	1,066	651	79
\$10,000,000 under \$100,000,000	7	84	261,290	454,039	9,946	22,517	7,682	6,421	4,558	325
\$100,000,000 or more	9	62	1,392,470	1,403,390	113,396	24,340	20,309	32,351	20,806	20,806
	5	6	2,677,470	2,357,167	100,664	103,056	22,945	25,116	49,938	418
Services										
Assets zero or not reported	62	1,255	6,204,392	8,996,183	399,478	557,259	159,480	165,056	184,313	72,302
\$1 under \$1,000,000	30	256	—	46,374	20,541	25,381	2,304	2,299	346	14,997
\$1,000,000 under \$10,000,000	49	508	144,093	232,455	—1,115	29,091	7,903	8,094	7,919	1,556
\$10,000,000 under \$100,000,000	45	350	1,246,974	1,024,315	98,769	129,528	40,335	40,100	39,809	5,966
\$100,000,000 or more	38	136	3,592,456	2,504,208	212,391	304,359	96,843	102,489	46,239	33,238
	5	6	1,220,870	248,830	68,902	68,902	12,075	12,075	70,000	16,544
Business services										
Assets zero or not reported	22	625	1,882,086	1,431,781	152,352	173,493	64,646	63,057	33,553	10,307
\$1 under \$1,000,000	13	119	—	5,547	—	716	270	267	346	—
\$1,000,000 under \$10,000,000	18	255	82,579	103,102	4,535	11,201	2,563	2,516	1,605	1,261
\$10,000,000 under \$100,000,000	15	205	713,185	564,442	51,617	61,490	22,564	21,225	20,290	2,439
\$100,000,000 or more	16	46	1,087,223	756,290	95,628	100,056	39,229	39,048	—	—

Table 2.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industries of U.S. Corporation and Controlled Foreign Corporation

[Money amounts are in thousands of dollars]

[Money amounts are in thousands of dollars]											
Selected industry of U.S. corporation filing the return and selected industry of Controlled Foreign Corporation	Number of U.S. corporation returns	Controlled Foreign Corporations									
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income	
						Current earnings and profits before taxes	Foreign income taxes (net)				
All industries (U.S. parent)	1,103	27,008	595,406,489	824,929,988	48,591,785	57,469,806	19,888,594	19,853,431	17,429,494	4,420,024	
Industry of Controlled Foreign Corporation											
Agriculture, forestry and fishing	46	161	978,638	1,006,480	38,633	88,809	31,682	33,787	19,072	—	
Mining	123	821	25,901,284	19,534,830	6,564,057	7,263,299	4,016,773	4,021,775	2,088,531	151,361	
Construction	51	396	4,778,866	5,840,113	431,745	561,290	164,504	165,775	171,003	14,198	
Manufacturing	571	7,259	219,484,327	341,427,774	23,123,025	27,510,932	9,923,041	9,686,985	7,396,511	845,682	
Transportation and public utilities	156	626	16,223,121	10,011,858	641,793	1,330,717	232,909	226,388	537,151	158,425	
Wholesale and retail trade	467	4,646	74,983,155	199,002,412	9,143,205	10,579,211	3,971,057	3,977,831	4,430,170	682,542	
Finance, insurance and real estate	671	3,915	228,186,477	34,113,467	6,917,561	8,143,221	1,116,328	1,100,551	2,379,836	2,391,587	
Services	399	2,571	19,436,781	12,937,029	1,658,657	1,900,426	414,495	432,473	395,550	175,611	
Nature of business not allocable	133	341	758,852	656,025	72,907	91,700	17,805	17,866	11,610	709	
Inactive	671	6,272	4,674,968	—	—	—	—	—	—	—	
Mining (U.S. parent)	46	602	9,885,843	5,930,883	1,494,624	1,697,589	956,810	953,598	630,151	135,543	
Industry of Controlled Foreign Corporation											
Agriculture, forestry and fishing	32	213	5,019,834	4,741,426	1,312,456	1,427,143	905,800	902,551	514,474	65,840	
Mining	3	41	726,467	142,477	43,704	60,326	30,369	31,563	7,584	729	
Construction	13	33	290,937	306,793	11,761	32,934	8,534	8,526	19,041	1,048	
Manufacturing	10	22	201,502	121,237	20,974	26,203	3,903	3,903	11,152	2,637	
Transportation and public utilities	6	16	141,179	218,327	8,962	7,654	1,106	1,106	1,456	348	
Wholesale and retail trade	25	58	2,152,116	204,659	73,416	78,552	5,421	5,561	76,456	43,846	
Finance, insurance and real estate	9	55	588,416	187,215	25,140	43,836	4,877	5,285	1,369	21,442	
Services	32	159	750,809	—	—	—	—	—	—	—	
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—	
Inactive	32	159	750,809	—	—	—	—	—	—	—	
Oil and gas extraction (U.S. parent)	33	512	8,517,348	5,686,333	1,423,295	1,619,670	935,442	933,527	609,711	130,750	
Industry of Controlled Foreign Corporation											
Agriculture, forestry and fishing	24	190	4,654,419	4,613,684	1,279,699	1,391,379	886,873	883,424	496,804	65,668	
Mining	3	30	280,808	289,196	9,901	31,066	8,152	7,744	18,971	72	
Construction	10	30	111,935	46,988	—	311	1,847	303	11,152	2,068	
Manufacturing	5	15	133,964	217,668	6,290	6,981	1,106	1,106	73,801	39,878	
Transportation and public utilities	17	44	1,972,296	181,352	58,596	63,304	3,962	4,103	73,801	21,442	
Wholesale and retail trade	6	54	587,514	186,240	25,130	43,826	4,877	5,285	1,369	21,442	
Finance, insurance and real estate	—	—	—	—	—	—	—	—	—	—	
Services	8	54	587,514	186,240	25,130	43,826	4,877	5,285	1,369	21,442	
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—	
Inactive	21	126	35,361	—	—	—	—	—	—	—	
Construction (U.S. parent)	19	384	3,826,897	2,917,905	416,794	481,479	122,388	121,488	194,572	44,684	
Industry of Controlled Foreign Corporation											
Agriculture, forestry and fishing	5	54	784,681	259,945	109,694	128,317	24,346	23,214	46,608	11,859	
Mining	14	95	919,228	1,311,029	113,364	128,958	25,073	25,104	49,439	770	
Construction	4	26	363,845	533,183	29,527	31,579	11,535	11,579	19,219	—	
Manufacturing	—	—	—	—	—	—	—	—	—	—	
Transportation and public utilities	8	27	958,824	115,307	37,750	44,036	5,320	5,387	20,350	21,070	
Wholesale and retail trade	8	49	439,054	230,400	100,873	101,693	40,481	40,582	50,091	9,965	
Finance, insurance and real estate	—	—	—	—	—	—	—	—	—	—	
Services	12	110	36,915	—	—	—	—	—	—	—	
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—	
Inactive	—	—	—	—	—	—	—	—	—	—	
Manufacturing (U.S. parent)	581	16,805	390,581,396	500,334,516	40,379,971	47,969,980	17,109,507	16,839,816	14,904,646	3,374,698	
Industry of Controlled Foreign Corporation											
Agriculture, forestry and fishing	32	111	635,223	616,541	32,594	62,070	22,428	23,036	14,002	33,418	
Mining	64	448	17,279,446	12,222,001	4,937,904	5,456,110	3,027,421	3,034,513	1,476,575	13,336	
Construction	26	198	2,795,010	4,040,002	279,970	340,439	106,439	106,361	113,987	838,372	
Manufacturing	496	6,686	210,635,491	327,901,939	22,592,038	26,749,926	9,691,369	9,453,536	7,169,747	12,000	
Transportation and public utilities	72	260	9,347,807	4,962,562	164,113	179,909	80,787	72,545	455,642	612,042	
Wholesale and retail trade	344	3,767	56,265,475	129,396,250	7,694,709	8,931,367	3,604,990	3,563,148	3,932,747	1,604,213	
Finance, insurance and real estate	339	1,826	81,658,613	13,202,523	3,656,892	4,468,976	394,693	368,552	1,470,747	87,520	
Services	230	1,223	9,827,041	7,803,206	982,706	1,116,275	178,070	184,862	236,810	708,058	
Nature of business not allocable	91	255	408,844	189,493	49,044	64,906	3,300	3,363	2,389	—	
Inactive	388	4,031	1,728,447	—	—	—	—	—	—	—	

Footnotes at end of table.

Table 2.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industries of U.S. Corporation and Controlled Foreign Corporation—Continued

[Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and selected industry of Controlled Foreign Corporation	Number of U.S. corporation returns	Controlled Foreign Corporations									
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income	
						Current earnings and profits before taxes	Foreign income taxes (net)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
Manufacturing—Continued											
Food and kindred products (U.S. parent)	43	1,831	22,565,728	31,414,654	2,714,895	3,050,716	791,131	776,935	960,637	270,378	
Industry of Controlled Foreign Corporation											
Agriculture, forestry and fishing	9	54	298,194	289,924	-8,293	15,462	5,147	5,195	1,967	—	
Mining	—	—	—	—	—	—	—	—	—	—	
Construction	36	673	14,607,295	25,572,986	1,918,394	2,129,938	688,523	685,487	600,486	76,653	
Manufacturing	10	23	171,440	165,689	15,490	17,743	1,995	1,990	7,532	3,781	
Transportation and public utilities	28	268	1,871,291	4,246,725	188,932	223,263	70,252	68,212	47,049	29,206	
Wholesale and retail trade	33	175	4,811,333	757,287	366,276	426,341	21,150	11,054	257,043	145,720	
Finance, insurance and real estate	20	103	392,905	364,688	205,032	207,821	3,680	4,593	46,501	15,019	
Services	31	465	340,738	—	—	—	—	—	—	—	
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—	
Inactive	—	—	—	—	—	—	—	—	—	—	
Chemicals and allied products (U.S. parent)	72	3,940	58,528,756	60,877,842	6,539,659	7,392,393	2,473,937	2,453,161	2,100,613	813,540	
Industry of Controlled Foreign Corporation											
Agriculture, forestry and fishing	6	27	100,488	76,367	15,949	18,477	9,209	9,752	4,014	—	
Mining	6	53	2,559,384	1,777,493	1,170,623	1,202,367	737,557	737,731	509,229	3,748	
Construction	68	1,632	37,611,807	45,133,605	4,211,951	4,733,368	1,449,549	1,442,198	1,254,218	276,979	
Manufacturing	8	27	975,860	629,112	-99,953	9,358	—	-1,638	8,031	550	
Transportation and public utilities	56	770	5,464,570	11,301,447	523,864	628,783	206,822	203,322	119,558	130,496	
Wholesale and retail trade	53	353	10,815,699	1,496,504	678,039	734,691	59,262	60,777	191,633	394,346	
Finance, insurance and real estate	36	161	594,210	153,519	30,429	44,633	10,598	9,712	13,928	7,510	
Services	60	863	249,888	—	—	—	—	—	—	—	
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—	
Inactive	—	—	—	—	—	—	—	—	—	—	
Petroleum (including integrated) and coal products (U.S. parent)	35	1,932	99,994,391	173,001,490	12,612,098	15,588,956	6,708,937	6,507,866	6,134,363	707,290	
Industry of Controlled Foreign Corporation											
Agriculture, forestry and fishing	3	4	17,717	3,281	-581	939	145	183	30	—	
Mining	22	271	12,576,869	9,697,332	3,784,806	4,201,311	2,272,745	2,276,963	956,948	25,851	
Construction	4	13	435,657	1,083,196	26,913	27,142	9,012	9,012	22,134	7,763	
Manufacturing	20	326	32,613,502	76,816,658	2,634,506	3,708,924	1,569,068	1,363,453	1,026,901	93,578	
Transportation and public utilities	10	112	6,723,851	2,927,767	130,029	603,786	58,697	60,022	442,906	60,168	
Wholesale and retail trade	29	475	26,455,364	3,943,303	1,189,414	1,581,011	15,502	15,502	1,506	8	
Finance, insurance and real estate	27	204	19,875,656	79,961,314	5,439,453	6,051,965	2,742,609	2,740,439	3,370,711	217,341	
Services	17	72	666,403	227,087	10,648	13,589	54,588	55,083	313,659	301,720	
Nature of business not allocable	12	24	24,716	11,679	-592	119	14	12	1,074	861	
Inactive	27	431	392,457	—	—	—	—	—	—	10	
Primary metal industries (U.S. parent)	40	1,033	14,034,236	10,486,406	332,153	771,022	168,394	134,945	193,123	126,111	
Industry of Controlled Foreign Corporation											
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—	
Mining	—	—	—	—	—	—	—	—	—	—	
Construction	12	48	1,100,155	332,467	-9,149	13,133	2,717	1,777	7,300	—	
Manufacturing	34	330	6,609,777	7,454,065	193,252	466,904	137,711	106,306	115,621	500	
Transportation and public utilities	10	20	316,365	218,534	9,080	26,149	2,207	2,316	2,191	39,440	
Wholesale and retail trade	18	114	725,969	1,189,414	29,663	47,303	12,004	13,766	40,590	10,398	
Finance, insurance and real estate	29	164	4,597,138	934,303	196,750	11,853	8,562	26,730	75,554	—	
Services	11	55	520,519	315,050	6,691	18,502	1,190	1,506	691	211	
Nature of business not allocable	6	22	63,286	30,459	1,350	2,256	712	—	—	—	
Inactive	23	274	93,477	—	—	—	—	—	—	—	
Machinery, except electrical (U.S. parent)	68	1,950	51,882,026	50,103,336	7,430,539	7,989,513	3,045,754	3,020,664	1,883,219	481,385	
Industry of Controlled Foreign Corporation											
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—	
Mining	—	—	—	—	—	—	—	—	—	—	
Construction	5	42	333,062	313,087	748	19,565	8,325	8,260	4,509	50	
Manufacturing	4	8	82,492	64,204	23,638	23,059	1,995	1,995	1,451	3,272	
Transportation and public utilities	61	702	33,636,239	36,833,682	6,165,443	6,445,916	2,773,889	2,764,014	1,558,862	172,912	
Wholesale and retail trade	43	482	8,250,227	9,845,001	400,672	583,638	160,496	150,929	66,328	100,568	
Finance, insurance and real estate	43	168	7,143,442	1,207,273	500,854	519,593	76,074	72,784	227,389	183,852	
Services	32	156	2,288,405	1,795,401	250,437	296,950	24,915	22,626	23,679	20,709	
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—	
Inactive	—	—	—	—	—	—	—	—	—	—	
Footnotes and end of table	45	390	107,628	—	—	—	—	—	—	—	

Table 2.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industries of U.S. Corporation and Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected industry of Controlled Foreign Corporation	Number of U.S. corporation returns	Controlled Foreign Corporations								Subpart F income
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Manufacturing—Continued										
Electrical and electronic equipment (U.S. parent)	70	2,270	37,641,993	39,205,015	2,701,272	3,255,924	733,755	721,578	838,293	223,498
Industry of Controlled Foreign Corporation										
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—
Mining	4	17	303,224	30,498	— 5,363	11,160	3,323	6,503	205	3,007
Construction	4	22	1,024,842	636,785	10,435	38,165	7,273	7,418	15,145	231
Manufacturing	55	786	18,896,896	28,301,544	1,658,208	2,021,208	514,847	503,048	504,274	51,867
Transportation and public utilities	45	459	3,065,908	5,188,376	301,292	361,192	111,577	111,255	53,834	13,983
Wholesale and retail trade	29	270	11,565,042	2,088,276	502,378	565,542	35,924	33,151	178,948	137,405
Finance, insurance and real estate	22	222	1,585,688	2,117,793	165,952	177,011	42,945	42,330	26,129	10,537
Services	—	—	—	—	—	—	—	—	—	—
Nature of business not allocable	44	428	325,924	—	—	—	—	—	—	—
Inactive	—	—	—	—	—	—	—	—	—	—
Motor vehicles and equipment (U.S. parent)	20	925	47,132,506	70,477,798	2,430,466	3,550,208	1,223,562	1,252,124	993,079	269,493
Industry of Controlled Foreign Corporation										
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—
Mining	—	—	—	—	—	—	—	—	—	—
Construction	19	247	29,606,718	61,223,157	1,868,236	2,847,322	1,100,282	1,134,063	882,288	20,883
Manufacturing	3	14	72,840	29,757	— 540	1,105	273	1,101	540,274	51,867
Transportation and public utilities	10	313	2,437,981	6,086,726	118,138	173,090	44,298	45,852	35,304	27,415
Wholesale and retail trade	13	137	14,511,017	3,007,069	406,362	488,108	74,103	66,219	71,538	218,891
Finance, insurance and real estate	10	38	424,247	148,287	35,859	38,181	3,818	4,101	3,949	3,656
Services	15	170	45,419	—	—	—	—	—	—	—
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—
Inactive	—	—	—	—	—	—	—	—	—	—
Instruments and related products (U.S. parent)	23	807	11,513,591	15,490,503	1,270,096	1,437,020	466,927	476,545	344,585	155,858
Industry of Controlled Foreign Corporation										
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—
Mining	—	—	—	—	—	—	—	—	—	—
Construction	21	321	6,803,466	9,254,057	977,049	1,050,061	343,651	342,134	263,613	81,443
Manufacturing	15	253	3,831,705	5,728,459	240,216	314,392	110,999	113,063	66,564	54,331
Transportation and public utilities	15	33	550,832	69,912	42,435	44,474	1,401	1,201	12,350	10,471
Wholesale and retail trade	7	38	170,094	298,073	1,278	10,731	5,127	14,376	1,048	10
Finance, insurance and real estate	19	127	24,185	—	—	—	—	—	—	—
Services	—	—	—	—	—	—	—	—	—	—
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—
Inactive	—	—	—	—	—	—	—	—	—	—
Transportation and public utilities (U.S. parent)	106	1,508	25,021,812	14,153,603	1,296,298	1,572,265	357,812	360,758	297,736	334,633
Industry of Controlled Foreign Corporation										
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—
Mining	15	63	2,337,056	2,199,681	219,499	245,508	53,450	55,995	48,875	39,797
Construction	3	52	309,069	331,942	1,422	8,254	2,617	2,709	5,818	9,421
Manufacturing	19	249	3,417,558	4,123,061	220,193	293,695	66,964	85,996	68,037	5,118
Transportation and public utilities	46	230	5,605,599	4,495,787	396,215	435,948	130,387	133,217	50,843	2,863
Wholesale and retail trade	13	146	792,255	994,733	12,308	61,618	13,638	12,326	22,718	276,309
Finance, insurance and real estate	67	199	10,835,990	1,278,569	376,172	429,626	46,296	46,496	82,180	1,041
Services	35	162	1,396,574	728,478	79,576	97,440	24,216	23,968	16,337	1,041
Nature of business not allocable	54	379	278,115	—	—	—	—	—	—	—
Inactive	—	—	—	—	—	—	—	—	—	—
Wholesale and retail trade (U.S. parent)	118	1,404	32,358,191	72,992,450	1,831,937	2,120,430	487,710	518,299	558,330	218,691
Industry of Controlled Foreign Corporation										
Agriculture, forestry and fishing	4	11	55,647	249,110	— 4,837	233	—	1,474	108	317
Mining	4	16	210,977	90,395	— 5,660	3,313	—	4,571	4,091	1,498
Construction	—	—	—	—	—	—	—	—	—	—
Manufacturing	20	76	2,117,538	4,244,541	141,488	167,938	61,356	63,050	24,231	1,254
Transportation and public utilities	13	34	165,832	13,616	— 7,810	12,876	654	616	376,123	65,008
Wholesale and retail trade	76	585	17,104,187	66,413,414	1,362,059	1,482,147	324,146	346,212	154,155	145,008
Finance, insurance and real estate	53	186	12,033,030	1,583,399	313,850	411,036	87,133	87,683	4,554	1,041
Services	26	124	507,065	393,145	32,788	42,905	9,867	15,011	—	—
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—
Inactive	65	358	150,649	—	—	—	—	—	—	—

Footnotes at end of table.

Table 2.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industries of U.S. Corporation and Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected industry of Controlled Foreign Corporation	Number of U.S. corporation returns	Controlled Foreign Corporations								Subpart F income
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Finance, insurance and real estate (U.S. parent)	169	2,934	126,591,844	23,001,761	2,730,451	3,030,724	675,064	682,550	660,896	242,087
Industry of Controlled Foreign Corporation										
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—
Mining	—	—	—	—	—	—	—	—	—	—
Construction	—	—	—	—	—	—	—	—	—	—
Manufacturing	13	104	1,940,598	3,301,29	189,477	204,484	52,381	50,738	86,353	(1)
Transportation and public utilities	7	18	280,382	93,133	23,183	23,832	1,020	932	—	20,820
Wholesale and retail trade	17	86	396,148	1,276,719	29,803	39,370	11,578	8,250	14,096	—
Finance, insurance and real estate	143	1,553	118,814,266	17,513,831	2,385,410	2,630,649	571,102	581,428	540,812	206,688
Services	44	254	3,297,343	764,696	113,158	128,553	38,239	40,233	19,613	14,579
Nature of business not allocable	10	18	25,821	25,462	— 523	597	269	266	21	—
Inactive	77	872	1,581,626	—	—	—	—	—	—	—
Banking (U.S. parent)	59	1,066	86,236,101	10,870,837	1,510,715	1,605,013	395,072	390,038	335,258	122,483
Industry of Controlled Foreign Corporation										
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—
Mining	—	—	—	—	—	—	—	—	—	—
Construction	—	—	—	—	—	—	—	—	—	—
Manufacturing	3	8	10,803	15	— 169	403	185	98	—	—
Transportation and public utilities	54	632	83,490,053	10,795,206	1,480,689	1,570,536	385,338	385,365	334,633	116,614
Wholesale and retail trade	23	107	1,436,249	61,996	28,642	31,277	8,997	10,043	625	5,869
Finance, insurance and real estate	26	298	1,214,232	—	—	—	—	—	—	—
Services	—	—	—	—	—	—	—	—	—	—
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—
Inactive	—	—	—	—	—	—	—	—	—	—
Insurance (U.S. parent)	43	508	12,794,273	4,220,417	389,670	446,435	65,898	66,692	78,604	52,359
Industry of Controlled Foreign Corporation										
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—
Mining	—	—	—	—	—	—	—	—	—	—
Construction	3	37	467,618	567,866	45,841	53,070	19,002	18,851	29,552	—
Manufacturing	4	16	36,627	67,668	3,254	3,997	1,701	1,701	1,047	—
Transportation and public utilities	36	293	12,181,432	3,456,765	337,611	377,619	42,799	43,750	41,604	52,359
Wholesale and retail trade	9	44	67,312	102,348	3,519	11,149	2,123	2,123	6,401	—
Finance, insurance and real estate	3	8	15,817	25,401	— 496	582	266	260	—	—
Services	18	106	24,763	—	—	—	—	—	—	—
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—
Inactive	—	—	—	—	—	—	—	—	—	—
Services (U.S. parent)	62	1,285	6,204,392	4,096,183	399,478	557,259	159,460	165,056	164,313	72,302
Industry of Controlled Foreign Corporation										
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—
Mining	—	—	—	—	—	—	—	—	—	—
Construction	—	—	—	—	—	—	—	—	—	—
Manufacturing	5	49	316,232	451,253	— 71,926	15,638	4,518	7,652	3,696	—
Transportation and public utilities	6	51	488,333	308,119	44,924	48,958	18,025	18,025	460	700
Wholesale and retail trade	8	39	195,020	284,902	38,053	45,010	11,276	11,180	72,975	—
Finance, insurance and real estate	34	61	1,700,273	210,716	70,087	76,116	6,329	5,210	20,435	31,733
Services	46	702	3,307,075	2,626,539	323,648	368,758	118,441	122,248	66,746	39,869
Nature of business not allocable	7	13	399	—	325	404	—	—	—	—
Inactive	39	339	144,893	—	—	—	—	—	—	—
* Less than \$500										

Table 3.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income and Selected Transactions, by Selected Industry of Controlled Foreign Corporation

(Money amounts are in thousands of dollars)

Selected industry of Controlled Foreign Corporation	Number of U.S. corporation returns	Controlled Foreign Corporations							Selected receipts by foreign corporations from: All related persons
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign income taxes (net)	Actual distributions in current year	Subpart F income	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All industries, total	1,103	27,008	595,406,489	624,529,988	48,591,785	19,863,431	17,429,494	4,420,024	83,528,176
Agriculture, forestry and fishing	46	161	978,638	1,006,480	38,633	33,787	19,072	—	67,844
Mining	123	821	25,901,284	19,534,830	5,564,057	4,021,778	2,088,531	151,381	2,407,933
Oil and gas extraction	90	602	21,603,663	17,782,883	6,438,111	3,828,638	1,902,075	150,524	2,210,309
Construction	81	396	4,778,866	5,840,113	431,745	155,775	171,063	14,108	499,878
Manufacturing	571	7,259	219,484,327	341,427,774	23,123,025	9,888,985	7,396,511	845,682	48,628,489
Food and kindred products	68	650	16,138,241	29,134,928	2,063,139	738,296	653,107	72,399	732,391
Chemicals and allied products	128	1,698	39,610,381	47,627,012	4,385,606	1,546,204	1,276,266	335,325	2,927,515
Petroleum (including integrated) and coal products	24	125	31,595,723	76,285,946	2,440,693	1,274,757	962,208	60,719	8,976,006
Fabricated metal products	122	581	6,178,961	8,082,133	625,777	270,682	338,710	25,534	308,853
Machinery, except electrical	131	782	29,499,003	32,196,493	5,546,221	2,575,740	1,504,647	106,379	4,368,548
Electrical and electronic equipment	127	934	24,238,530	34,057,306	2,291,552	686,518	555,832	69,518	6,518,443
Motor vehicles and equipment	39	249	29,750,828	61,429,201	1,737,388	1,059,071	878,329	20,489	16,954,001
Transportation and public utilities	156	626	16,223,121	10,011,858	641,795	226,388	537,151	158,425	1,880,031
Water transportation	75	261	6,959,562	3,021,868	—	65,842	17,905	334,716	147,860
Wholesale and retail trade	467	4,646	74,983,155	199,002,412	9,143,205	3,977,831	4,430,170	682,542	18,353,814
Wholesale trade	410	3,750	62,607,143	176,166,770	8,320,183	3,715,665	4,247,344	630,362	17,942,644
Finance, insurance and real estate	671	3,915	228,186,477	34,113,467	6,917,581	1,100,551	2,379,838	2,391,587	10,021,829
Banking	68	322	66,304,143	8,068,427	807,198	203,329	224,415	59,202	1,181,654
Credit agencies other than banks	185	710	59,364,705	8,907,948	1,720,824	360,358	371,598	600,046	2,874,767
Insurance	277	531	23,623,480	6,049,618	1,059,011	65,850	304,532	329,057	1,364,824
Holding and other investment companies, except bank holding companies	402	1,291	61,087,974	8,204,989	2,787,918	309,936	1,370,437	1,072,009	4,845,629
Services	389	2,571	19,436,781	12,937,029	1,858,657	432,473	395,550	175,811	2,369,132
Business services	270	1,374	6,944,018	5,196,663	743,787	204,742	161,286	61,584	1,498,787
Nature of business not allocable	133	341	758,852	658,025	72,907	17,885	11,610	709	79,828
Inactive	671	6,272	4,874,988	—	—	—	—	—	—

Controlled Foreign Corporations—Continued

Selected industry of Controlled Foreign Corporation	Selected receipts by foreign corporations from—Continued								Selected payments by foreign corporations to— Continued
	U.S. corporation filing return and its domestic subsidiaries				Any foreign corporation controlled by U.S. corporation filing return				
	Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
All industries, total	68,589,582	54,859,829	4,208,307	7,207,382	14,848,044	873,549	3,718,226	3,734,962	112,600,818
Agriculture, forestry and fishing	62,050	57,319	4,531	—	5,796	—	963	3,796	74,794
Mining	1,807,587	1,699,825	38,696	50,585	599,010	—	42,287	249,179	3,367,538
Oil and gas extraction	1,643,619	1,538,824	38,637	48,172	565,544	—	41,643	240,863	3,076,328
Construction	270,356	106,679	143,459	14,907	228,250	—	159,412	16,691	797,907
Manufacturing	41,792,135	38,406,864	2,312,009	593,054	5,018,859	591,252	1,641,738	1,070,006	60,199,600
Food and kindred products	502,265	447,446	14,630	8,236	230,126	21,479	27,637	83,217	1,742,000
Chemicals and allied products	1,955,638	1,569,053	113,574	202,580	967,478	281,503	225,337	218,868	7,427,608
Petroleum (including integrated) and coal products	7,605,285	7,459,569	77,339	66,381	1,347,249	6,741	187,818	233,747	14,016,638
Fabricated metal products	160,261	136,185	4,443	9,137	148,742	12,446	33,141	70,746	802,394
Machinery, except electrical	3,842,365	2,786,077	909,681	41,614	529,125	5,513	408,093	46,523	828,184
Electrical and electronic equipment	5,880,047	5,222,107	572,113	48,684	596,374	163,395	136,050	183,113	7,057,579
Motor vehicles and equipment	18,144,222	17,570,558	292,440	128,822	809,436	96,137	515,131	135,535	18,760,225
Transportation and public utilities	1,292,696	393,718	411,812	425,900	587,304	20,830	121,444	153,944	1,687,804
Water transportation	988,210	328,369	326,552	330,352	505,092	19,533	68,159	139,593	1,192,609
Wholesale and retail trade	14,580,981	13,834,289	334,975	140,832	3,665,781	252,074	960,403	514,970	29,854,172
Wholesale trade	14,400,876	13,708,695	324,649	134,317	3,526,722	251,979	948,493	425,269	28,424,068
Finance, insurance and real estate	7,256,595	53,258	153,119	5,756,321	3,525,626	9,392	234,002	1,535,029	3,979,917
Banking	847,444	11,503	23,527	754,081	327,193	100	8,515	264,369	1,870,587
Credit agencies other than banks	2,125,639	910	8,316	2,074,841	711,142	—	95,429	476,156	2,377,669
Insurance	666,977	118	5,526	10,318	473,821	—	19,416	63,111	586,445
Holding and other investment companies, except bank holding companies	2,977,006	35,501	43,053	2,641,751	1,769,166	9,292	54,583	615,153	3,033,200
Services	1,415,479	195,507	808,708	225,215	946,515	1	530,823	181,319	2,471,077
Business services	921,156	160,293	590,200	53,670	573,703	1	386,836	61,134	916,525
Nature of business not allocable	11,703	10,069	1,000	878	67,923	—	27,054	10,028	98,936
Inactive	—	—	—	—	—	—	—	—	—

Footnote at end of table.

Table 3.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income and Selected Transactions, by Selected Industry of Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected industry of Controlled Foreign Corporation	Controlled Foreign Corporations—Continued									
	U.S. corporation filing return and its domestic subsidiaries					Any foreign corporation controlled by U.S. corporation filing return				
	Total	Purchases of stock in trade	Compensation paid for certain services	Dividends paid: First 60 days of accounting period	Dividends paid: Remainder of accounting period	Total	Purchases of stock in trade	Compensation paid for certain services	Dividends paid: First 60 days of accounting period	Dividends paid: Remainder of accounting period
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
All industries, total	96,424,708	71,095,809	4,137,396	1,512,881	10,270,943	14,966,599	757,373	4,013,396	275,884	4,927,884
Agriculture, forestry and fishing	61,388	41,493	1,148	659	8,854	13,376	—	556	185	8,947
Mining	2,041,998	568,837	150,880	59,498	1,005,989	1,320,354	—	58,407	1,130	885,459
Oil and gas extraction	1,809,758	514,292	145,350	50,040	860,349	1,262,552	—	55,941	1,130	974,271
Construction	520,703	312,704	82,013	8,752	87,308	190,885	—	98,409	8,912	60,396
Manufacturing	58,814,552	45,934,962	2,496,682	1,039,737	4,404,269	6,341,687	483,543	2,413,631	185,344	1,534,043
Food and kindred products	1,256,221	557,385	75,664	48,235	303,598	483,163	53,444	66,389	45,983	148,964
Chemicals and allied products	6,085,268	4,007,850	307,361	222,442	679,450	1,338,071	195,737	371,413	29,491	305,891
Petroleum (including integrated) and coal products	12,058,955	11,499,677	106,071	95,009	286,835	1,006,499	50,508	259,881	3,784	457,886
Fabricated metal products	839,809	444,928	30,671	127,676	147,306	123,429	8,248	11,817	11,794	48,186
Machinery, except electrical	8,179,417	4,462,781	380,950	294,372	985,577	847,472	4,821	501,040	7,777	208,235
Electrical and electronic equipment	6,834,434	5,217,806	576,122	37,617	377,161	420,238	17,079	146,869	35,562	97,669
Motor vehicles and equipment	17,247,385	15,426,963	775,876	43,506	756,066	1,512,841	131,956	926,825	1,874	69,281
Transportation and public utilities	929,211	68,465	377,074	8,420	363,166	845,297	7,313	123,831	286	109,148
Water transportation	765,875	1,015	339,988	5,396	326,381	417,393	—	58,626	133	2,674
Wholesale and retail trade	27,001,490	23,213,838	304,317	178,724	2,738,651	2,757,920	284,529	408,488	30,854	1,446,131
Wholesale trade	25,724,360	22,255,197	281,100	174,810	2,596,048	2,605,870	263,060	394,483	28,091	1,419,239
Finance, insurance and real estate	5,189,417	387,609	252,384	175,049	1,397,756	3,054,488	1,411	578,299	60,200	720,285
Banking	1,553,610	15,790	28,258	23,115	167,425	291,818	—	5,647	2,115	29,717
Credit agencies other than banks	1,025,149	667	168,969	18,656	96,220	1,382,511	—	470,059	24,105	229,373
Insurance	308,630	7,042	16,171	38,307	193,960	277,004	—	28,438	10,554	54,754
Holding and other investment companies, except bank holding companies	2,064,520	345,010	11,223	93,007	902,459	937,506	1,411	29,327	14,479	350,757
Services	1,843,826	553,273	481,437	42,017	264,341	625,397	577	333,427	10,854	62,482
Business services	606,552	369,489	67,768	13,080	96,838	308,959	(1)	207,347	10,326	38,836
Nature of business not allocable	22,024	16,629	1,501	6	617	17,216	—	2,347	—	10,984
Inactive	—	—	—	—	—	—	—	—	—	—

(1) Less than \$500.

Note: Dollar figures not add to total because of rounding.

Table 4.—Foreign Corporations Controlled by U.S. Corporations with Total Assets of \$250 Million or More: Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry and Percentage of Direct or Indirect Ownership by U.S. Corporation

(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and percent of controlled foreign corporation owned directly or indirectly by U.S. corporation filing the return	Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deferred taxes)	Foreign corporations with current earnings and profits (1-1 before taxes)	Foreign income taxes (net)	Actual distributions in current year	Subpart F income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All industries, total	27,006	595,406,489	624,520,989	48,881,785	57,488,006	15,848,594	19,883,431	4,420,024
100 percent	21,371	466,103,734	481,906,031	38,357,917	45,887,016	15,770,195	15,621,911	4,258,906
95 under 100 percent	1,121	31,750,910	31,200,054	2,007,159	2,370,801	952,203	206,600	23,947
90 under 95 percent	399	11,617,003	10,565,615	733,077	971,545	344,108	1,184,472	21,302
85 under 90 percent	514	13,880,056	20,826,698	2,264,739	2,449,973	687,167	686,612	1,214
80 under 85 percent	748	15,370,338	24,146,271	959,537	1,240,765	499,353	312,724	2,147
75 under 80 percent	602	25,007,013	24,770,627	2,255,429	2,385,122	934,255	934,255	8,021
70 under 75 percent	472	13,240,526	11,824,361	655,137	834,654	224,318	200,884	2,480
65 under 70 percent	416	9,148,135	8,877,401	575,948	640,293	250,024	238,935	5,576
60 under 65 percent	172	1,707,153	1,587,202	81,444	16,200	16,013	16,013	126
Less than 50 percent	413	5,771,041	3,755,733	681,698	739,488	313,404	275,229	4,774
Percentage not determinable								
Agriculture, forestry and fishing	116	936,518	1,102,708	39,232	59,882	20,042	21,788	1,173
100 percent	98	781,099	857,024	30,389	48,390	13,681	15,047	1,173
95 under 100 percent								
90 under 95 percent								
85 under 90 percent								
80 under 85 percent								
75 under 80 percent								
70 under 75 percent								
65 under 70 percent								
60 under 65 percent								
Less than 50 percent	4	17,030	2,745	-3,948	501			
Percentage not determinable								
Mining	602	9,855,843	5,930,863	1,494,624	1,897,589	856,810	953,898	135,543
100 percent	511	9,011,878	5,617,389	1,450,873	1,816,668	836,027	934,144	133,450
95 under 100 percent	20	86,494	25,633	-2,302	74,932	1,207	1,207	
90 under 95 percent	11	54,460	3,179	1,001	1,728			1,477
85 under 90 percent	4	26,932	284	-75	7			
80 under 85 percent	16	122,758	39,859	1,062	12,279	2,444	6,684	
75 under 80 percent	17	147,361	55,736	12,484	17,458	1,584	1,682	279
70 under 75 percent	17	381,598	170,565	40,775	40,793	15,541	11,462	
65 under 70 percent	8	45,259	9,127	-1,937	1,023		-1,297	15
Less than 50 percent								
Percentage not determinable								
Oil and gas extraction	512	8,517,348	5,899,333	1,423,295	1,819,870	833,442	933,577	130,750
100 percent	438	7,819,852	5,452,299	1,399,319	1,562,717	823,620	921,738	129,129
95 under 100 percent	19	79,840	20,721	-6,967	268			35
90 under 95 percent	6	32,051	3,179	1,153	1,517			1,342
85 under 90 percent	4	26,932	284	-75	7			
80 under 85 percent	12	117,226	29,745	-6,552	10,588	2,444	6,684	
75 under 80 percent	17	147,361	55,736	12,484	17,458	1,584	1,682	279
70 under 75 percent	17	381,598	170,565	40,775	40,793	15,541	11,462	
65 under 70 percent	8	45,259	9,127	-1,937	1,023		-1,297	15
Less than 50 percent								
Percentage not determinable								
Construction	384	3,625,697	2,917,905	416,794	461,479	122,388	121,488	24,884
100 percent	307	2,737,410	1,414,316	279,241	317,033	88,195	133,892	41,255
95 under 100 percent	18	85,313	42,029	5,800	6,468			2,046
90 under 95 percent	4	280,739	158,596	71,012	75,337	10,826	8,884	29,535
85 under 90 percent	11	83,565	201,763	2,170	3,015	1,112	956	6
80 under 85 percent	15	68,163	122,107	6,146	8,759	1,951	3,097	362
75 under 80 percent	14	333,448	552,928	33,530	33,846	15,892	15,896	8,877
70 under 75 percent	7	58,343	78,895	2,344	2,344	297	297	
65 under 70 percent	4	10,511	2,029	892	991			
Less than 50 percent	4	35,536	80,359	4,651	4,651	-31	-31	
Percentage not determinable								
Manufacturing	18,805	290,581,396	500,334,616	40,378,871	47,689,960	17,109,507	16,838,816	3,374,896
100 percent	15,318	308,371,769	387,370,043	31,501,370	37,991,299	13,414,224	11,499,549	3,248,590
95 under 100 percent	775	15,555,741	27,296,524	1,840,711	2,150,773	908,710	886,562	431,425
90 under 95 percent	267	5,685,708	14,167,780	475,219	538,952	136,230	118,771	182,659
85 under 90 percent	400	6,898,825	18,791,926	2,045,178	2,199,897	650,281	650,281	8,809
80 under 85 percent	329	11,819,328	24,167,780	1,840,711	2,150,773	908,710	886,562	431,425
75 under 80 percent	427	20,448,806	22,863,088	2,117,545	2,220,615	894,852	863,922	12,000
70 under 75 percent	427	10,023,361	10,199,329	542,123	663,748	170,927	149,101	211,768
65 under 70 percent	299	1,175,886	3,632,875	388,711	415,975	178,298	181,405	1,189
60 under 65 percent	718	1,810,901	1,526,486	41,721	66,801	15,530	15,530	4,296
Less than 50 percent	286	4,492,872	3,424,071	660,527	702,664	305,136	305,566	275,192
Percentage not determinable								
Food and kindred products	1,831	22,585,728	31,414,684	2,714,895	3,050,716	791,131	776,935	270,378
100 percent	1,441	18,415,976	25,204,141	2,400,455	2,621,163	663,856	652,796	266,258
95 under 100 percent	88	1,138,923	1,424,683	96,604	107,174	20,355	18,877	8,438
90 under 95 percent	8	101,184	216,106	5,660	6,110	1,030	3,716	1,419
85 under 90 percent	64	785,818	1,399,762	71,616	98,025	33,140	25,602	14,876
80 under 85 percent	73	429,395	904,728	47,191	48,362	22,513	22,430	16,870
75 under 80 percent	60	850,748	1,820,859	93,893	103,096	35,552	35,381	26,278
70 under 75 percent	28	286,412	165,507	1,840	22,621	8,886	8,966	3,124
65 under 70 percent	22	144,708	93,449	9,801	10,545	3,331	3,338	3,124
60 under 65 percent	10	19,242	15,546	2,702	2,947	468	468	468
Less than 50 percent	37	401,321	151,863	21,832	22,752	-785	140	24,455
Percentage not determinable								
Chemicals and allied products	3,940	58,826,756	80,877,842	6,839,858	7,882,293	2,473,837	2,453,181	815,548
100 percent	3,330	54,559,998	75,668,896	5,950,826	6,663,667	2,206,954	2,198,993	748,1
95 under 100 percent	9	1,052,296	1,112,413	119,778	146,144	65,236	64,957	10,068
90 under 95 percent	29	382,836	491,528	59,631	64,102	20,448	21,304	9,317
85 under 90 percent	47	1,509,782	2,500,113	22,207	41,007	6,322	6,380	3,160
80 under 85 percent	70	1,688,186	1,919,987	39,870	83,931	40,660	29,196	6,448
75 under 80 percent	71	760,625	959,937	138,657	143,903	53,303	53,303	56,186
70 under 75 percent	207	2,033,298	1,262,220	110,267	172,842	68,852	68,852	8,438
65 under 70 percent	47	1,523,940	960,108	105,216	116,244	58,978	58,984	7,486
60 under 65 percent	7	16,192	19,845	6,383	6,387	2,373	2,373	4,386
Less than 50 percent	37	103,701	89,005	-1,561	6,741	3,322	3,322	
Percentage not determinable								

Footnotes at end of table

Table 4.—Foreign Corporations Controlled by U.S. Corporations with Total Assets of \$250 Million or More: Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry and Percentage of Direct or Indirect Ownership by U.S. Corporation—Continued

(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and percent of controlled foreign corporation owned directly or indirectly by U.S. corporation filing the return	Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deferred taxes)	Foreign corporations with current earnings and profits (1 before taxes)	Foreign income taxes (net)	Actual distributions in current year	Subpart F income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Petroleum (including integrated) and coal products	1,932	99,994,381	173,001,490	12,812,098	15,588,958	6,706,837	8,507,886	6,134,363
100 percent	1,497	71,141,088	121,156,048	8,400,725	11,170,670	4,960,771	4,783,223	4,271,200
95 under 100 percent	126	4,024,901	10,000,224	234,890	374,050	287,413	268,217	38,139
90 under 95 percent	19	479,293	5,534,293	84,507	84,507	27,068	27,068	63,483
85 under 90 percent	31	4,683,003	12,064,467	1,941,918	1,655,281	499,033	467,138	1,003,823
80 under 85 percent	52	1,529,943	2,467,103	387,289	373,894	159,227	159,227	82,314
75 under 80 percent	92	10,569,631	17,764,858	1,754,825	1,754,501	738,200	738,200	2,949
70 under 75 percent	49	4,861,048	5,177,025	32,887	55,808	16,916	16,916	31
65 under 70 percent	34	96,429	4,861,048	95,472	95,472	12,137	12,137	
60 under 65 percent	5	23,651	6,515	416	1,259	505	505	
Less than 50 percent	14	14,524	21,917	-358	7,680	1,296	1,296	741
Percentage not determinable								
Primary metal industries	1,833	14,634,336	10,486,408	332,153	771,022	168,394	134,845	183,123
100 percent	1,833	9,877,768	7,673,335	203,720	488,337	64,521	123,788	124,018
95 under 100 percent	20	291,145	116,247	48,891	53,676	15,034	15,034	10,586
90 under 95 percent	24	448,653	275,735	-26,580	9,239	651	1,350	710
85 under 90 percent	31	549,419	492,823	-26,682	16,115	2,730	2,389	1,405
80 under 85 percent	24	531,561	452,620	35,498	43,184	15,186	13,716	4,553
75 under 80 percent	33	1,685,452	1,110,311	115,330	127,546	49,822	48,299	30,857
70 under 75 percent	16	319,726	116,528	7,112	9,729	2,742	2,853	8,564
65 under 70 percent	22	115,434	183,355	1,338	17,452	2,870	2,538	100
Less than 50 percent	23	115,434	183,355	1,338	17,452	2,870	2,538	100
Percentage not determinable								
Machinery, except electrical	1,850	51,882,026	50,163,336	7,420,939	7,889,913	3,645,784	3,820,864	4,881,385
100 percent	1,614	43,988,614	37,786,085	5,572,093	5,999,287	2,722,245	2,510,072	4,079,679
95 under 100 percent	100	3,991,481	3,952,733	1,023,811	831,611	497,077	498,801	1,169,899
90 under 95 percent	14	635,865	395,590	42,281	49,363	30,160	36,874	20,185
85 under 90 percent	27	1,176,400	860,981	80,571	92,481	44,148	44,192	30,040
80 under 85 percent	38	569,982	569,982	67,308	67,308	49,801	49,801	119,889
75 under 75 percent	27	2,331,593	2,344,077	16,032	11,206	8,099	7,594	181
70 under 70 percent	29	2,985,051	2,985,051	32,873	98,856	-3,047	-24,145	1,998
65 under 65 percent	25	100,315	88,568	5,912	6,029	860	860	370
Less than 50 percent	11	216,019	94,994	3,423	13,137	3,964	4,134	-
Percentage not determinable	15	2,512,664	2,144,391	575,113	576,247	291,945	290,895	142,567
Electrical and electronic equipment	2,270	37,461,983	38,205,918	2,771,272	3,235,924	733,785	721,578	838,293
100 percent	1,930	32,642,862	32,642,862	2,438,186	2,862,992	321,720	311,198	742,071
95 under 100 percent	31	1,271,643	1,652,088	175,436	175,436	68,476	68,476	222,765
90 under 95 percent	33	1,119,752	1,222,360	35,960	41,070	9,626	9,800	7,128
85 under 85 percent	40	403,772	539,497	29,289	31,491	10,519	10,519	7,467
80 under 80 percent	23	935,458	1,477,814	21,421	38,683	10,910	8,607	2,426
75 under 75 percent	40	420,015	279,420	32,822	35,995	9,050	9,575	11,804
70 under 70 percent	14	472,779	651,098	20,318	42,050	4,298	7,412	2,646
65 under 65 percent	37	320,808	509,368	14,022	15,565	4,268	7,412	2,646
Less than 50 percent	12	180,234	173,303	3,203	3,484	321	3,277	1,427
Percentage not determinable	40	920,041	1,060,970	26,807	37,291	1,468	1,377	2,560
Motor vehicles and equipment	825	47,827,516	70,471,798	2,430,468	3,330,208	1,223,862	1,252,124	269,493
100 percent	584	40,551,644	57,487,857	1,950,632	3,001,301	1,020,438	1,080,920	269,493
95 under 100 percent	106	1,281,012	1,020,469	33,091	65,602	19,846	19,842	15,975
90 under 95 percent	31	2,511,456	2,744,122	22,865	26,005	9,999	9,999	7,435
85 under 85 percent	47	1,004,012	1,067,506	65,279	67,310	16,469	16,609	12,245
80 under 80 percent	47	2,324,024	2,244,897	49,329	79,065	29,873	29,876	20,087
75 under 75 percent	34	1,813,813	1,813,813	18,133	18,133	6,761	6,761	2,407
70 under 70 percent	20	733,055	609,770	49,591	50,085	22,173	22,265	9,328
65 under 65 percent	23	11,105	8	36	135	3	-74	43
Less than 50 percent	8	17,670	27,157	4,160	2,118	160	58	58
Percentage not determinable	8	16,000	70,980	5,869	8,577	85	85	511
Transportation equipment, except motor vehicles	580	9,037,382	6,875,388	578,972	890,580	231,942	232,006	110,134
100 percent	49	4,516,818	4,707,297	170,258	271,272	105,270	105,270	53,226
95 under 100 percent	25	6,062,382	6,533,703	99,172	104,066	26,341	26,336	139,113
90 under 95 percent	4	1,508	1,153	703	703	263	263	177
85 under 85 percent	18	770,919	770,919	49,403	53,324	15,623	15,623	11,383
80 under 80 percent	19	156,442	201,561	18,744	24,114	9,794	9,803	8,385
75 under 75 percent	21	312,126	312,126	20,598	20,598	6,443	6,513	5,883
70 under 70 percent	27	294,048	417,327	45,664	51,039	6,443	6,513	5,883
65 under 65 percent	8	74,764	64,031	3,902	4,128	3,513	3,513	1,600
Less than 50 percent	4	6,522	769	41	107	87	87	511
Percentage not determinable								
Transportation equipment, except motor vehicles	580	9,037,382	6,875,388	578,972	890,580	231,942	232,006	110,134
100 percent	49	4,516,818	4,707,297	170,258	271,272	105,270	105,270	53,226
95 under 100 percent	25	6,062,382	6,533,703	99,172	104,066	26,341	26,336	139,113
90 under 95 percent	4	1,508	1,153	703	703	263	263	177
85 under 85 percent	18	770,919	770,919	49,403	53,324	15,623	15,623	11,383
80 under 80 percent	19	156,442	201,561	18,744	24,114	9,794	9,803	8,385
75 under 75 percent	21	312,126	312,126	20,598	20,598	6,443	6,513	5,883
70 under 70 percent	27	294,048	417,327	45,664	51,039	6,443	6,513	5,883
65 under 65 percent	8	74,764	64,031	3,902	4,128	3,513	3,513	1,600
Less than 50 percent	4	6,522	769	41	107	87	87	511
Percentage not determinable								
Transportation equipment, except motor vehicles	580	9,037,382	6,875,388	578,972	890,580	231,942	232,006	110,134
100 percent	49	4,516,818	4,707,297	170,258	271,272	105,270	105,270	53,226
95 under 100 percent	25	6,062,382	6,533,703	99,172	104,066	26,341	26,336	139,113
90 under 95 percent	4	1,508	1,153	703	703	263	263	177
85 under 85 percent	18	770,919	770,919	49,403	53,324	15,623	15,623	11,383
80 under 80 percent	19	156,442	201,561	18,744	24,114	9,794	9,803	8,385
75 under 75 percent	21	312,126	312,126	20,598	20,598	6,443	6,513	5,883
70 under 70 percent	27	294,048	417,327	45,664	51,039	6,443	6,513	5,883
65 under 65 percent	8	74,764	64,031	3,902	4,128	3,513	3,513	1,600
Less than 50 percent	4	6,522	769	41	107	87	87	511
Percentage not determinable								
Transportation equipment, except motor vehicles	580	9,037,382	6,875,388	578,972	890,580	231,942	232,006	110,134
100 percent	49	4,516,818	4,707,297	170,258	271,272	105,270	105,270	53,226
95 under 100 percent	25	6,062,382	6,533,703	99,172	104,066	26,341	26,336	139,113
90 under 95 percent	4	1,508	1,153	703	703	263	263	177
85 under 85 percent	18	770,919	770,919	49,403	53,324	15,623	15,623	11,383
80 under 80 percent	19	156,442	201,561	18,744	24,114	9,794	9,803	8,385
75 under 75 percent	21	312,126	312,126	20,598	20,598	6,443	6,513	5,883
70 under 70 percent	27	294,048	417,327	45,664	51,039	6,443	6,513	5,883
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Less than 50 percent	4	6,522	769	41	107	87	87	511
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Transportation equipment, except motor vehicles	580	9,037,382	6,875,388	578,972	890,580	231,942	232,006	110,134
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90 under 95 percent	4	1,508	1,153	703	703	263	263	177
85 under 85 percent	18	770,919	770,919	49,403	53,324	15,623	15,623	11,383
80 under 80 percent	19	156,442	201,561	18,744	24,114	9,794	9,803	8,385
75 under 75 percent	21	312,126	312,126	20,598	20,598	6,443	6,513	5,883
70 under 70 percent	27	294,048	417,327	45,664	51,039	6,443	6,513	5,883
65 under 65 percent	8	74,764	64,031	3,902	4,128	3,513	3,513	1,600
Less than 50 percent	4	6,522	769					

Table 4.—Foreign Corporations Controlled by U.S. Corporations with Total Assets of \$250 Million or More: Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income, by Selected Industry and Percentage of Direct or Indirect Ownership by U.S. Corporation—Continued

Money amounts are in thousands of dollars										
C.	Selected industry of U.S. corporation filing the return and percent of Controlled Foreign Corporation owned directly or indirectly by U.S. corporation filing the return	Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (less deficit) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Wholesale and retail trade										
1,404	32,338,191	72,992,450	1,831,837	2,129,430	487,710	518,299	559,330	219,231		
1,024	22,892,502	52,823,400	1,408,162	1,620,685	421,837	449,403	427,811	207,079		
59	373,044	630,367	14,929	18,263	1,907	1,907	435	7,003		
95 under 100 percent	38	1,422,204	3,933,167	170,884	174,741	11,154	10,129	26,154		
80 under 95 percent	129	3,711,699	15,141,684	30,366	34,282	7,826	1,937	8,366		
70 under 80 percent	37	2,122,577	12,272,863	152,963	174,753	25,511	27,576	42,121		5,322
60 under 70 percent	32	2,102,577	969,211	36,281	69,267	10,377	10,377	39,624		
50 percent	34	174,700	320,706	—6,676	15,777	5,826	3,810	2,810		
Less than 50 percent	21	333,118	430,835	—2,385	4,459	78	1,131	1,167		
Percentage not determinable	19	56,888	16,117	4,569	4,462	74	74	783		
Wholesale trade										
521	18,094,843	38,901,835	1,016,306	1,217,718	255,192	287,324	345,863	72,583		
100 percent	545	12,173,464	29,094,731	699,933	849,309	219,349	240,763	253,425		
95 under 100 percent	37	102,028	152,227	3,164	6,732	532	1,632	632		
80 under 95 percent	34	1,118,095	3,909,879	17,044	17,701	1,047	1,047	36,154		
70 under 80 percent	118	1,646,532	5,532,912	9,661	13,961	897	3,084	3,743		
60 under 70 percent	18	1,987,620	12,099,446	11,456	12,246	11,866	11,020	35,632		5,322
50 percent	16	189,070	345,234	9,781	16,559	5,514	5,514	9,467		
Less than 50 percent	18	155,980	263,569	9,781	12,692	4,182	4,187	2,547		
Percentage not determinable	9	176,631	395,508	—2,248	2,081	436	437	1,167		
Retail trade										
583	14,283,348	16,090,815	615,731	802,712	232,518	230,878	213,867	142,448		
100 percent	486	10,794,638	12,728,668	708,220	771,376	202,490	200,640	170,051		141,050
95 under 100 percent	22	271,025	478,140	11,766	12,661	374	374	—		1,398
80 under 95 percent	4	24,108	2,488	840	840	107	107	—		
70 under 80 percent	6	266,877	977,573	20,545	20,573	8,825	8,825	6,943		
60 under 70 percent	11	827,023	173,318	41,507	41,507	15,645	15,645	6,489		
50 percent	19	1,933,507	850,638	46,501	46,501	4,863	4,863	30,222		
Less than 50 percent	12	156,487	35,327	—1,137	2,085	1,644	1,644	202		
Percentage not determinable	15	847	7,173	109	568	232	232	—		
Finance, insurance and real estate										
2,934	129,591,644	23,091,761	2,730,451	3,030,734	478,064	822,350	660,896	242,067		
100 percent	2,369	98,520,775	17,781,322	2,400,698	2,629,395	512,776	522,048	229,134		
95 under 100 percent	167	15,239,392	2,903,742	123,818	158,514	51,678	54,002	10,566		1,163
80 under 95 percent	35	4,484,504	699,438	66,322	66,322	64,105	64,105	7,524		501
70 under 80 percent	54	784,616	171,272	18,621	20,214	5,441	4,824	674		
60 under 70 percent	49	1,939,176	299,010	28,348	29,889	11,273	11,077	7,735		13
50 percent	39	2,001,650	395,276	22,388	27,840	10,900	10,137	2,335		
Less than 50 percent	13	1,513,134	296,444	25,793	28,763	10,607	9,404	1,105		
Percentage not determinable	84	10,983	20,020	2,135	2,135	608	608	—		250
Banking										
1,066	86,236,101	10,870,837	1,510,715	1,605,013	399,072	596,038	338,258	122,483		
100 percent	846	65,127,958	7,908,133	1,292,849	1,363,015	274,907	276,354	322,799		128,443
95 under 100 percent	96	12,335,118	1,901,863	90,330	108,554	36,652	40,253	3,925		
80 under 95 percent	2	2,826,420	354,964	75,137	75,137	62,187	60,187	3,645		
70 under 80 percent	5	111,623	21,394	1,965	2,548	81	81	—		
60 under 70 percent	22	1,066,050	117,846	6,713	7,257	2,791	2,078	1,253		
50 percent	20	1,851,817	230,880	18,967	20,100	8,725	8,329	3,238		
Less than 50 percent	41	1,414,339	223,172	14,017	16,375	6,866	6,659	386		
Percentage not determinable	—	—	—	—	—	—	—	—		
Insurance										
508	12,794,273	4,226,417	389,670	446,435	85,898	86,492	78,804	52,359		
100 percent	445	9,380,584	2,612,360	344,015	378,377	55,099	54,401	66,848		
95 under 100 percent	12	1,492,773	431,489	15,658	32,879	6,258	6,160	5,607		1,163
80 under 95 percent	17	395,897	68,169	2,969	3,090	319	343	3,875		171
70 under 80 percent	13	122,440	70,928	6,924	6,951	1,538	1,538	749		13
60 under 70 percent	10	52,908	54,400	6,120	6,214	2,136	2,136	1,265		
50 percent	12	56,914	39,072	2,049	2,303	985	985	156		
Less than 50 percent	34	1,025	1,528	95	95	22	22	23		
Percentage not determinable	—	—	—	—	—	—	—	—		
Holding and other investment companies, except bank holding companies										
362	4,368,132	4,283,824	209,824	241,206	55,487	55,913	87,498	21,625		
100 percent	348	3,912,980	4,073,632	199,739	228,950	50,899	47,229	62,799		20,532
95 under 100 percent	9	138,220	10,813	3,383	3,543	793	793	416		
80 under 95 percent	15	194,495	50,797	7,911	8,543	3,791	3,681	3,667		674
70 under 80 percent	—	—	—	—	—	—	—	—		
60 under 70 percent	—	—	—	—	—	—	—	—		
50 percent	—	—	—	—	—	—	—	—		
Less than 50 percent	—	—	—	—	—	—	—	—		
Percentage not determinable	—	—	—	—	—	—	—	—		
Services										
1,255	8,204,282	4,096,183	399,478	557,259	159,480	185,056	184,313	72,302		
100 percent	1,100	5,780,530	3,512,569	350,152	497,780	137,567	142,849	155,367		67,814
95 under 100 percent	31	96,753	132,629	5,046	8,273	3,469	3,975	81		
80 under 95 percent	9	17,181	17,858	3,799	4,524	860	860	1,849		
70 under 80 percent	16	54,708	19,273	3,095	4,252	2,194	2,194	4,209		
60 under 70 percent	27	59,292	26,127	8,461	8,747	3,860	3,892	4,390		
50 percent	27	81,201	197,995	7,911	8,640	2,967	2,963	764		168
Less than 50 percent	19	89,320	119,795	8,610	8,778	6,348	6,360	1,668		
Percentage not determinable	17	6,557	24,081	13,573	13,705	2,078	2,078	71		3,693
Business services										
625	1,862,886	1,431,781	152,252	173,463	84,848	65,057	33,553	16,307		
100 percent	524	1,806,131	1,323,694	123,411	143,092	65,095	65,095	27,456		
95 under 100 percent	7	31,864	15,900	2,602	2,643	1,229	1,229	43		
80 under 95 percent	6	12,143	12,897	3,277	3,277	329	329	621		
70 under 80 percent	13	43,085	17,879	3,881	4,448	2,184	2,184	4,209		
60 under 70 percent	16	43,185	15,982	7,325	7,612	3,658	3,661	4,209		
50 percent	26	77,779	185,835	8,304	8,640	2,967	2,963	764		
Less than 50 percent	17	42,123	123,123	11,211	12,121	4,289	2,966	2,970		330
Percentage not determinable	5	4,690	5,192	73	205	105	105	38		
Business services										
625	1,862,886	1,431,781	152,252	173,463	84,848	65,057	33,553	16,307		
100 percent	524	1,806,131	1,323,694	123,411	143,092	65,095	65,095	27,456		
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50 percent	26	77,779	185,835	8,304	8,640	2,967	2,963	764		
Less than 50 percent	17	42,123	123,123	11,211	12,121	4,289	2,966	2,970		330
Percentage not determinable	5	4,690	5,192	73	205	105	105	38		
Business services										
625	1,862,886	1,431,781	152,252	173,463	84,848	65,057	33,553	16,307		
100 percent	524	1,806,131	1,323,694	123,411	143,092	65,095	65,095	27,456		
95 under 100 percent	7	31,864	15,900	2,602	2,643	1,229	1,229	43		
80 under 95 percent	6	12,143	12,897	3,277</						

1. Less than \$500.
2. Data related to avoid disclosure of information for specific corporations.
Note: Data may not add to total due to rounding.

Controlled Foreign Corporations, 1984: A Geographic Focus

By John J. Bradford*

Controlled Foreign Corporations (CFC's) of large, U.S. multinational firms continued their important role in the world economy during 1984. Overall, the rate of return on assets for CFC's increased from 6.6 percent for 1982 to 8.2 percent for 1984, a 24 percent jump [1]. This is perhaps an indication that the worldwide recession of the early 1980's, which limited growth and caused a decline in profits, had begun to ease by 1984.

CFC earnings and profits have generally shown the effects of the economic climate of the country in which their business is primarily conducted. This trend continued in 1984, though not for all countries. CFC's located in nations where the economic growth was strong proved to be among the more profitable. For all industrialized nations, as classified by the World Bank, there was a 3.3 percent increase in gross national product (GNP) per capita during 1984. CFC's located in Europe, a highly industrialized area, reported an increase in earnings of 33.3 percent from 1982 levels. These numbers contrast with figures for developing nations, which showed a decline in per capita GNP of 2.7 percent for 1984 [2]. CFC's incorporated in Latin America, a less industrialized area, showed a decrease in earnings of 3.1 percent from 1982. Factors such as large foreign debt and the resulting fiscal constraints limited potential for recovery in many of these nations.

Between 1982 and 1984, there was a modest increase of 6 percent in the total number of foreign corporations controlled by U.S. corporations with \$250 million or more in total assets. For 1984, more than 1,100 U.S. firms controlled over 28,500 foreign corporations and financial information was reported for 27,000 of these [3,4]. Gross business receipts of \$825 billion were recorded on assets of \$595 billion for these corporations.

Pre-tax earnings and profits for CFC's showed a substantial increase from 1982 to 1984 and the amount of foreign income taxes paid rose accordingly. Roughly \$48.6 billion in earnings before taxes were reported, an increase of 32 percent. Taxes paid rose by 40 percent to a level of \$19.7 billion for 1984. All of this occurred while gross business receipts showed an almost 4 percent decrease from 1982.

CFC's paid out \$17.4 billion as dividend distributions in 1984. As controlling shareholders, U.S. parent corporations received \$11.8 billion (68 percent) of total dividend payments.

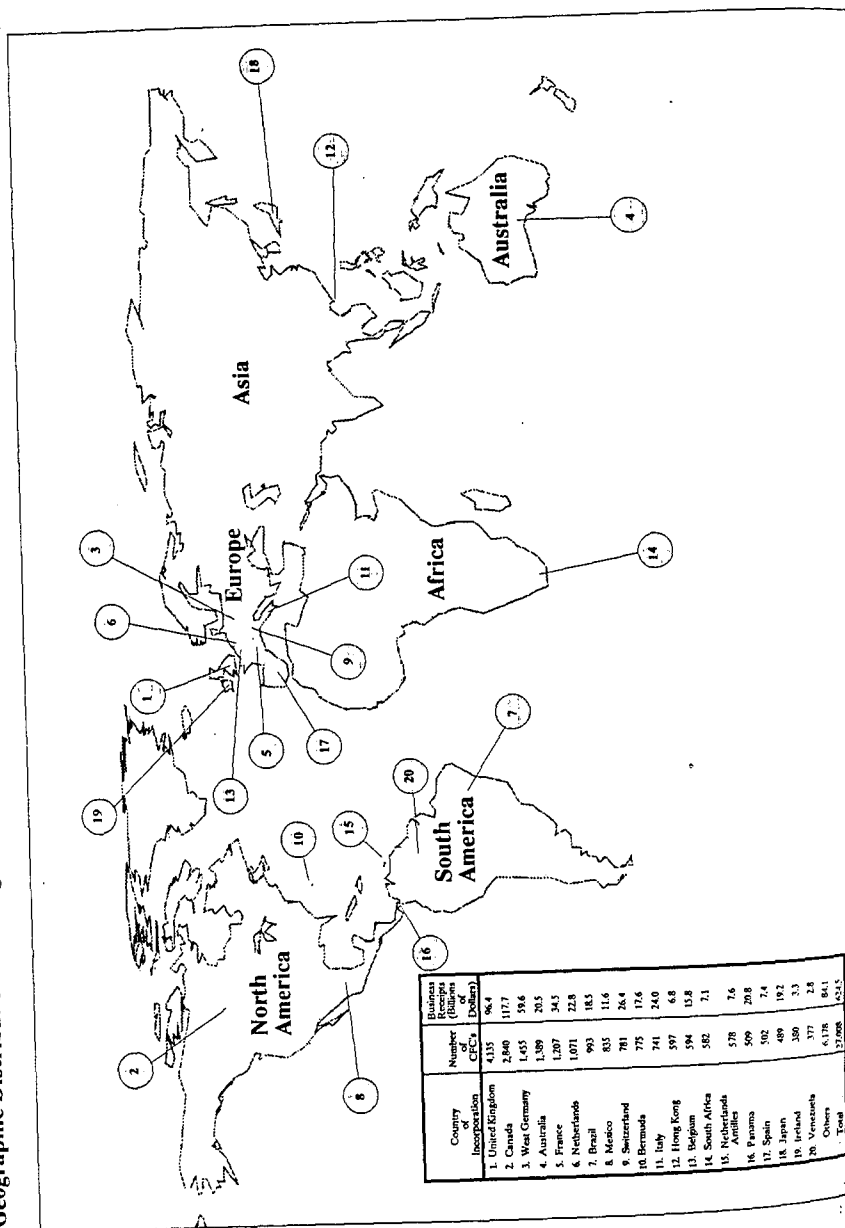
The 27,000 CFC's were incorporated in over 125 countries, but more than three-quarters were incorporated in only 20 nations (those listed in Figure A). These 20,800 CFC's also accounted for \$521 billion in assets (88 percent of the total) and \$494 billion in gross business receipts (79 percent of the total). The United Kingdom, Canada and West Germany were the most prevalent among countries of incorporation. The 8,340 CFC's from these three nations generated \$274 billion in gross business receipts and accounted for \$227.6 billion in assets.

BACKGROUND

Before World War II, relatively few U.S. corporations had operations outside of the United States, and these companies were located mainly in Canada and Western Europe [5]. After the war, however, U.S. corporations were encouraged by political and economic means, such as the Marshall Plan, to increase overseas expansion in order to aid in recovery from the war [6]. Many U.S. corporations took advantage of these new incentives as well as other factors (such as financial environment, safety of investment, and access to markets for raw materials and final products) to launch foreign opera-

*Foreign Returns Analysis Section. Prepared under the direction of Chris R. Carson.

Figure A
Geographic Distribution of Foreign Corporations Controlled by Large U.S. Multinational Corporations*, 1984



tions. A U.S. corporation could establish a presence in a foreign country either by using a foreign branch operation or by forming or purchasing a separate subsidiary company incorporated under the laws of that nation (i.e., a Controlled Foreign Corporation). However, in certain countries, local law required U.S. companies to use a locally-incorporated entity (CFC) in lieu of a branch operation. The reason for this was that a portion of the stock of the foreign corporation could be held by residents of the host country while the U.S. corporation held the majority of the CFC stock.

A foreign branch operation is treated as part of the U.S. corporation for U.S. tax purposes. Therefore, branch income is taxable to the U.S. corporation and is not deferrable (see below). Similarly, foreign branch losses can reduce U.S. taxes because they are deductible from domestic earnings. For this reason, U.S. corporations often utilize branch operations in industries where high "start-up" costs are expected. There are other advantages to operating through a branch rather than incorporating in a foreign nation. For example, dividend payments from CFC's to their U.S. shareholders may be subject to a withholding tax while the repatriation of branch earnings may not be subject to this tax.

Operating through a CFC has several advantages as well. First, there is the potential ability to defer U.S. taxation on CFC earnings. Except for some notable types of income, such as Subpart F (see the "Explanation of Selected Terms" section of this article for a definition of Subpart F), CFC earnings are not taxable to the parent until repatriated. Therefore, U.S. taxation may be deferred until earnings are actually paid to the shareholders. To the extent that foreign taxes are lower than U.S. taxes, this is an important reason for U.S. companies to form overseas subsidiaries. Tax strategies may be developed to take advantage of loss or low income years, excess foreign tax credits [7], or changes in U.S. tax policies. CFC's also have certain advantages because, unlike branches, they legally reside in the foreign country. This status could entitle a CFC to benefits under tax treaties into which the foreign nation has entered. In addition, the U.S. parent can be insulated from various types of liability in a foreign country through organization by CFC.

The CFC continued to be the more prevalent form of overseas operations during 1984. There were

over 1,100 U.S. giant corporations that controlled more than 27,000 CFC's and there were 307 U.S. corporations which operated roughly 2,600 foreign branches. Taxable income of foreign branches was \$14.4 billion compared to \$48.6 billion in pre-tax earnings and profits for the CFC's [8]. This comparison is limited by the extent to which taxable income differs from pre-tax earnings and profits.

Before 1960, U.S. corporations were not required to file information on foreign subsidiaries. Public Law 86-780 was passed in 1960 requiring U.S. persons to furnish, as a part of their tax return, information on any directly-controlled foreign corporation ("tier-one" subsidiary) or on a foreign corporation controlled by a directly-controlled foreign corporation ("tier-two" subsidiary). Control was defined as direct or indirect ownership of more than 50 percent of all classes of stock or more than 50 percent of the total value of all shares of stock.

Under the Revenue Act of 1962, certain types of income which were previously eligible for tax deferral were restricted. These were referred to as Subpart F income and were taxable to the U.S. shareholders of CFC's even though they may have remained undistributed. Over the years, the definition of Subpart F income has changed due to amendments to the Internal Revenue Code. These actions have reduced the tax deferral benefits of CFC's [9]. The 1962 Act also redefined the term Controlled Foreign Corporation. In general, a foreign corporation was considered controlled if more than 50 percent of the voting stock of the corporation was owned by U.S. shareholders for 30 days or more in the foreign corporation's taxable year, but only if they had at least 10 percent interest. In addition, the 1962 legislation restricted the conversion of tax-deferred accumulated earnings and profits into capital gains, thus preventing regular income from being taxed at the lower capital gains rate.

In recent years, control by a U.S. corporation was extended to lower-tier foreign corporations through a chain of control. Thus, a U.S. corporation could own more than 50 percent of a foreign corporation (first-tier) which, in turn, could own more than 50 percent of a second-tier foreign corporation, which, in turn, could own more than 50 percent of a third-tier foreign corporation, and so forth. A Form 5471 had to be filed for each of these foreign corporations.

CFC ACTIVITY BY COUNTRY OF INCORPORATION

In 1984, of the 27,000 CFC's controlled by U.S. corporations with assets of \$250 million or more, there were 20,736 that had active business operations. Of these, 13,875 companies (67 percent) reported positive earnings and profits before taxes. Total pre-tax earnings for these corporations equaled \$57.5 billion. These corporations also paid \$19.9 billion in foreign income taxes.

The effective foreign tax rate was 35 percent. This rate was calculated as the percentage of foreign taxes paid by profitable CFC's compared to their current pre-tax earnings and profits. This rate may vary from the statutory tax rate of a given country because: (1) certain earnings and profits, and the associated foreign taxes paid, were applicable to operations in countries other than the country in which the CFC was incorporated; (2) earnings and profits were computed according to U.S. tax law and do not necessarily equal the tax base upon which the foreign tax was imposed; (3) many countries taxed various types of income at different rates; and (4) many countries had progressive tax rates.

During 1984, the most predominant industrial activity of active CFC's was manufacturing, comprising 35 percent of the total. CFC's located in Europe and Latin America were the most likely to be engaged in manufacturing. For example, in several nations, more than 40 percent of active CFC's were predominantly in manufacturing industries. These included Mexico (64 percent), Spain (50 percent), Italy (48 percent), France (42 percent) and Japan (40 percent). Among Other Western Hemisphere nations (primarily Bermuda, Bahamas, and the Netherlands Antilles), the most common industrial activity was in the finance, insurance, or real estate category [10]. Specifically, these CFC's comprised 84 percent of the total number of active CFC's in the Netherlands Antilles, 68 percent in Bermuda, and 34 percent in the Bahamas [11].

Generally, the effective tax rate of a foreign country which had a finance-related majority of CFC's was low when compared to the rates of those in which manufacturing was the most common. This has evolved because certain countries are not particularly attractive as manufacturing sites for economic and other reasons. In order to encourage U.S. investment in other business activities (such as finance), these nations have provided tax incentives and other

enticements to enhance their desirability. For example, Bermuda imposed no corporate income tax and, in the Netherlands Antilles, income was generally subject only to local taxation, which was generally at a lower rate than that of most countries. Also, certain countries have entered into tax treaties with the U.S. which reduce U.S. withholding taxes on payments to CFC's located in that country. Effective tax rates remained the highest in certain developing nations, such as Bolivia (108 percent), Nigeria (76 percent), and Uganda (57 percent). In contrast, Bermuda had an effective tax rate of 6 percent and the Netherlands Antilles had a rate of 9 percent.

Overall, a total of \$17.4 billion was paid out in dividend distributions from CFC's. United Kingdom CFC's paid the highest amount, \$4.8 billion. They were followed by CFC's located in Canada (\$3.5 billion), West Germany (\$1.1 billion), and Panama (\$.6 billion).

CFC's AND THE ECONOMIC RECOVERY

By 1984, the U.S. economy had begun its rebound from the worldwide recession of the early 1980's. One indication of this recovery was the net income of U.S. giant corporations that owned CFC's, which rose from \$85.7 billion for 1982 to \$118.2 billion for 1984. This represents an increase of 37.8 percent. The recovery in other parts of the world, however, lagged behind that of the United States as indicated by the change in per capita GNP. By 1984, many of the industrialized nations had begun experiencing higher rates of growth, but most less-developed nations had not yet responded.

Overall CFC profitability (as determined by the ratio of earnings and profits, less deficits, before taxes to total assets) rose 1.6 percent from 1982 to 1984. Total CFC earnings rose from \$36.7 billion to \$48.6 billion, a 32.4 percent increase. On average, a CFC earned an 8.2 percent return on assets compared to 2.3 percent for U.S. parent corporations. Figure B compares the rates of return for CFC's from different countries as well as U.S. parent companies. These rates were determined by dividing net income of parent corporations and pre-tax earnings and profits of CFC's by their respective total assets [12]. This supports the general trend of CFC's being more profitable (as measured by rate of return on assets) than their U.S. parents [13]. Despite the overall higher rates of profitability for 1984, the percentage of CFC's reporting deficits remained stable at approximately one-third of all active CFC's.

Figure B.—Earnings Before Taxes, Total Assets and Rate of Return on Assets of U.S. Corporations and CFC's, 1982 and 1984

(Money amounts are in millions of dollars)

Selected country of incorporation	1982			1984		
	Income before taxes ¹	Total assets	Rate of return ²	Income before taxes	Total assets	Rate of return ²
	(1)	(2)	(3)	(4)	(5)	(6)
U.S. corporations.....	\$85,748	\$4,198,723	2.0%	\$118,654	\$5,062,765	2.3%
All CFC's.....	36,696	557,209	6.6	48,592	595,406	8.2
Canada.....	5,346	91,100	5.9	10,888	99,796	10.9
Latin America.....	5,326	66,798	8.0	5,164	66,544	7.8
Brazil.....	1,681	20,132	9.3	1,852	17,776	10.4
Mexico.....	-293	7,504	-3.9	824	9,422	8.7
Panama.....	1,730	18,561	9.3	1,295	18,890	6.9
Other Western Hemisphere.....	3,460	70,992	4.9	3,270	90,638	3.6
Bahamas.....	468	6,702	7.0	-112	7,950	-1.4
Bermuda.....	1,609	22,045	7.3	1,131	22,346	5.1
Netherlands Antilles.....	1,402	41,956	3.3	2,269	60,110	3.8
Europe.....	17,212	248,156	7.0	22,937	252,554	9.1
France.....	1,010	23,336	4.3	1,553	19,700	7.9
Netherlands.....	967	18,394	5.3	1,348	25,551	5.3
United Kingdom.....	7,752	83,350	9.3	11,508	83,826	13.7
West Germany.....	3,020	45,806	6.6	2,762	43,968	6.3
Africa.....	1,216	18,494	6.6	1,049	15,151	6.9
South Africa.....	515	5,212	9.9	320	4,167	7.7
Asia.....	3,261	35,565	9.2	3,718	39,490	9.4
Hong Kong.....	691	10,933	6.3	704	12,223	5.8
Japan.....	978	10,378	9.4	1,507	12,466	12.1
Singapore.....	502	4,212	11.9	356	4,422	8.0
Oceania.....	847	23,657	3.6	1,389	24,794	5.6
Australia.....	739	22,319	3.3	1,257	23,327	5.4

¹ For returns of U.S. corporations, this is "net income (loss deficit)." For CFC's, it is "current earnings and profits (less deficit) before taxes."

² Derived by dividing Income before taxes (columns 1 and 4) by Total assets (columns 2 and 5), respectively.

³ Corporations included in this category are only those with assets of \$250 million or more and that owned CFC's.

Note: CFC data shown include only those foreign corporations controlled by U.S. corporations with \$250 million or more in total assets.

CFC's from certain nations showed extreme fluctuations in rates of return on assets from 1982 to 1984. Included among these were CFC's from Mexico, whose rate of return moved from -3.9 percent to 8.7 percent, and the Bahamas, decreasing from 7.0 percent to -1.4 percent. Among the nations showing strong recoveries from 1982 were many with which the United States is heavily engaged in trade. In Canada, the largest U.S. trading partner, pre-tax earnings and profits of CFC's increased 103.6 percent from 1982 to 1984. Large increases in CFC earnings between these two years were also achieved in Common Market nations such as France (53.7 percent) and the United Kingdom (48.2 percent). Profitability of CFC's increased at a higher rate in regions such as Europe and Oceania than in Latin America, Africa, Asia, and Other Western Hemisphere, where there is a higher proportion of less-developed nations. CFC's located in the developing countries of the Pacific Rim, such as Hong Kong and Singapore, showed a decline in rate of return on assets of CFC's from 1982 to 1984. CFC's from African nations such as Nigeria and South Africa showed similar declines in profitability. Generally, nations with a greater degree of in-

dustrialization show higher rates of growth than other nations. One major exception to this should be noted for West Germany, where CFC's experienced a decrease in the rate of return on assets from 6.6 percent for 1982 to 6.3 percent for 1984.

CFC's AND THE MERCHANDISE TRADE BALANCE

Figure C shows a comparison of transactions between large U.S. multinational corporations and their CFC's and the U.S. merchandise trade balance for 1984. CFC purchases of stock in trade (i.e., purchases of merchandise in the ordinary course of business) from their U.S. parent groups totaled \$71.1 billion, representing 32.6 percent of all U.S. exports. Sales of stock in trade from CFC's to U.S. parent groups equaled \$54.9 billion, or 16.8 percent of all U.S. imports. As in past years, CFC merchandise transactions with their U.S. parent groups did not contribute to the U.S. merchandise trade deficit for 1984. Rather, the U.S. parent groups showed a net surplus of \$16.2 billion in trade with their foreign subsidiaries, which served to limit the overall merchandise trade deficit to \$107.8 billion [14].

Figure C.—Purchases and Sales of Stock in Trade Between CFC's and Their U.S. Parent Groups and the U.S. Merchandise Trade Balance, by Selected Area and Country of Incorporation, 1984

(Money amounts are in millions of dollars)

Selected area and country of incorporation	U.S. parent group merchandise trade balance			U.S. merchandise trade balance ¹		
	CFC purchases from U.S. parent group (exports)	CFC sales to U.S. parent group (imports)	Surplus or deficit	Exports	Imports	Surplus or deficit
	(1)	(2)	(3)	(4)	(5)	(6)
All geographic areas	\$71,096	\$54,860	\$16,236	\$217,888	\$326,726	-\$107,838
Canada	20,368	22,005	-1,637	46,524	66,478	-19,954
Latin America	5,532	3,648	1,884	26,302	42,341	-16,039
Brazil	501	57	444	57	4,381	-4,324
Mexico	1,100	1,166	-66	11,992	18,020	-6,028
Panama	2,824	1,186	1,638	757	328	429
Other Western Hemisphere	2,592	7,956	-5,364	3,383	5,554	-2,171
Bahamas	1,244	3,586	-2,342	555	1,173	-618
Bermuda	1,037	3,923	-2,886	225	6	217
Europe	30,668	11,405	19,263	62,207	73,307	-11,100
France	2,849	739	2,109	6,037	8,113	-2,076
Netherlands	2,256	652	1,604	7,554	4,069	3,485
Switzerland	2,512	1,541	971	2,563	3,117	-554
United Kingdom	5,883	5,781	102	12,210	14,492	-2,282
West Germany	9,826	1,264	8,562	9,064	16,996	-7,932
Africa	573	651	-78	8,827	14,355	-5,528
Liberia	(²)	212	-212	97	98	-1
South Africa	343	82	261	2,265	2,488	-223
Asia	7,772	5,669	2,103	64,533	120,132	-55,599
Hong Kong	983	592	391	3,062	8,266	-5,204
Japan	1,982	753	1,229	23,575	57,135	-33,560
Oceania	2,381	262	2,119	5,745	3,558	2,187
Australia	2,094	227	1,867	4,793	2,675	2,118

¹ U.S. Department of Commerce, Bureau of the Census, Highlights of U.S. Export and Import Trade, FT 990, monthly.

² Less than \$500,000.

Note: CFC data shown include only those foreign corporations controlled by U.S. corporations with \$250 million or more in total assets.

The U.S. merchandise trade account showed increasingly negative figures in the years preceding 1984. For each year since 1976 there was a trade deficit, although in the years from 1982 to 1984, there was a sharp rise in the deficit levels. For 1982, the merchandise trade deficit was \$31.7 billion and by 1984, it had grown to \$107.8 billion. A geographic distribution of the trade numbers for 1984 is shown in Figure C. As in the past, Canada remained the largest trading partner of both U.S. parent groups and the United States as a whole. U.S. parent groups recorded a \$1.6 billion deficit with their Canadian CFC's, and the overall trade balance showed a \$20 billion deficit with Canada. The largest U.S. merchandise trade deficit for 1984 was with Japan, totaling \$33.6 billion. U.S. parent groups, however, reported a \$1.2 billion surplus in trade with their Japanese CFC's. Another region where parent group deficits were common was in the Other Western Hemisphere nations. Trade with CFC's in this area as a whole resulted in a \$5.4 billion U.S. parent group deficit. By comparison, the U.S. merchandise trade deficit with this region was \$2.2 billion in 1984. The parent group deficits are at least partly attributable to transactions with finance-related CFC's based in so called "tax-haven" countries.

These nations are attractive conduits for the flow of capital from a third country into the United States because of low tax withholding rates on payments to foreign persons and low effective income tax rates on foreign persons operating within the countries.

Differences in the preparation of the statistics in Figure C should be recognized. The U.S. Bureau of the Census data credit U.S. imports to the country of origin while CFC sales are based on the CFC's country of incorporation. This could explain why Panamanian CFC's, for example, reported \$1.2 billion in sales to U.S. parent groups and only \$328 million is reflected in Census data for imports from Panama. In this instance, perhaps a shipping company incorporated in Panama carried cargo from a third country into the United States. CFC data would credit the sales to Panama while the Census data would report them under the country of origin. Also, Census data are for the Calendar Year 1984; CFC data, on the other hand, reflect business activities for parent corporations whose accounting periods ended between July 1984 and June 1985 and the CFC's which had accounting periods ending there. However, most CFC activity did occur in 1984.

RECENT INCORPORATIONS

During 1984, there were 1,086 new CFC's incorporated by U.S. giant companies. This represented an 8 percent increase over the number of new incorporations in 1983, possibly another indication of recovery from the earlier recession. Figure D shows the geographic representation of countries of incorporation for the CFC's which were incorporated in 1984.

Figure D.—1984 CFC Incorporations

(Money amounts are in millions of dollars)

Selected area and country of incorporation	Number of incorporations	Total assets	Pre-tax earnings and profits (less deficit)
(1)	(2)	(3)	(4)
All geographic areas	1,086	\$11,098	\$32
Canada	115	1,388	12
Latin America	162	1,469	23
Other Western Hemisphere	92	3,298	39
Bermuda	45	789	-22
Netherlands Antilles	31	1,861	67
Europe	444	2,832	12
France	46	250	2
Netherlands	48	301	3
United Kingdom	134	1,432	-2
West Germany	49	209	14
Africa	45	71	-6
Asia	138	436	-50
Hong Kong	46	164	-45
Japan	44	139	4
Oceania	39	433	-4
U.S. Possessions	51	1,151	6

Note: CFC data shown include only those foreign corporations controlled by U.S. corporations with \$250 million or more in total assets.

For CFC's incorporated prior to 1984, the average asset size was \$22.5 million and the rate of return on assets averaged 8.2 percent. Newly incorporated CFC's generally have smaller assets and lower rates of profitability than more well-established companies. This trend continued for CFC's incorporated in 1984. These companies had an average asset size of \$11.1 million and a return on assets of less than 1 percent. The trend becomes even more evident when subtracting out finance-related corporations. Then, the average asset size is \$5.1 million and there is a deficit in earnings and profits of \$46 million.

European countries led the world in attracting new CFC's. However, nations in the Other Western Hemisphere category attracted new CFC's with the greatest assets. Though there were just 92 new CFC's in the Other Western Hemisphere countries, these companies held assets of \$3.3 billion. These nations also led in pre-tax earnings and profits with \$30 million. Netherlands Antilles' CFC's held the

bulk of the region's numbers in both categories, with \$1.9 billion in assets and \$67 million in reported earnings.

Figure E shows a comparison of CFC's incorporated in the last 10 years to the total number of CFC's. Traditional trading partners, such as Canada, the United Kingdom and the other Common Market nations, remain the most prevalent nations for the establishment of CFC's. Since 1974, however, there has been rapid growth in countries which previously had not had large numbers of CFC's. For example, in the Netherlands Antilles, 76 percent of the total number of CFC's owned by U.S. giant companies were established since 1974. The other three countries which had a majority of their CFC's incorporated between 1974 and 1984 are Bermuda (69 percent), Hong Kong (60 percent), and Japan (52 percent). The recent and rapid growth of incorporations in Japan reflects its rising economic status. In the other countries listed (Netherlands Antilles, Bermuda, and Hong Kong), the predominant industrial activity of the newly incorporated CFC's was finance or insurance-related. These nations, because of a lack of raw materials or for other reasons, are not suitable for the establishment of a manufacturing-based economy. Therefore, they have tried to attract finance or insurance corporations through tax incentives and other concessions. The Deficit Reduction Act of 1984 exempted most types of interest payments made to foreign persons from U.S. tax withholding. Previously, this withholding could only be reduced or eliminated through the use of a tax treaty [15].

SUMMARY

Controlled Foreign Corporations remained the predominant vehicle for large U.S. multinational corporations to conduct international operations in 1984. There were over 1,100 U.S. corporations controlling over 27,000 CFC's. These foreign subsidiaries generated pre-tax earnings and profits of \$49 billion on receipts of \$625 billion. U.S. shareholders received \$12 billion in dividend payments from CFC's.

Countries of incorporation spanned the globe but traditional U.S. trading partners such as Canada, the United Kingdom, and West Germany continued to be the most dominant. However, since 1975, several nations such as the Netherlands Antilles, Bermuda, Japan, and Hong Kong witnessed a rapid rise in the number of CFC incorporations.

Figure E.—All Controlled Foreign Corporations Compared to Controlled Foreign Corporations Incorporated After 1974: Number and Total Assets, by Selected Country of Incorporation, 1984

(Money amounts are in millions of dollars)

Selected country of incorporation	Total number of CFC's	Total CFC assets	CFC's incorporated after 1974			
			Number	Assets	Percentage of total	
					Number	Assets
(1)	(2)	(3)	(4)	(5)	(6)	(7)
All geographic areas	27,008	\$595,406	9,849	\$166,410	36%	28%
United Kingdom	4,135	83,826	1,380	16,917	33	20
Canada	2,940	99,796	1,028	24,792	36	25
West Germany	1,455	43,968	514	3,826	35	9
Australia	1,389	23,327	428	1,797	31	8
France	1,207	19,700	366	1,672	30	8
Netherlands	1,071	25,551	436	7,659	41	30
Brazil	993	17,715	401	2,613	40	15
Mexico	835	9,422	186	2,499	22	27
Switzerland	781	21,732	274	2,802	35	13
Bermuda	775	22,346	536	9,202	69	41
Italy	741	17,896	31	3,132	39	21
Hong Kong	597	12,223	361	3,873	60	32
Belgium	594	12,396	191	2,022	32	16
South Africa	582	4,167	142	253	24	6
Netherlands Antilles	578	60,116	440	48,169	76	80
Panama	509	19,890	210	2,644	41	14
Spain	502	8,766	167	2,413	33	27
Japan	489	12,466	255	4,103	52	33
Venezuela	377	3,525	28	90	7	2
Sweden	350	2,887	89	159	25	5

Note: CFC data shown include only those foreign corporations controlled by U.S. corporations with \$250 million or more in total assets.

In the aggregate, CFC's tended to have higher profit margins than their U.S. parent corporations. CFC's achieved an 8.2 percent rate of return on assets while the comparable rate for U.S. parent corporations was 2.3 percent. Both of these figures reflected marked improvements over their 1982 levels. This is perhaps a sign of recovery from the recession which plagued the early 1980's.

Although the U.S. merchandise trade deficit exceeded \$107.9 billion for 1984, transactions between U.S. affiliated groups and their CFC's resulted in a U.S. trade surplus of \$16.2 billion. These transactions accounted for nearly 33 percent of total U.S. exports and nearly 17 percent of total U.S. imports in 1984. Canada remained the largest U.S. trading partner and Canadian CFC's maintained the highest volume of transactions with U.S. parent corporations and their affiliates.

DATA SOURCES AND LIMITATIONS

The statistics in this article were derived from all U.S. corporation income tax returns with total assets of \$250 million or more and with accounting periods ended July 1984 through June 1985, and from attached Form(s) 5471, Information Return with Respect to a Foreign Corporation. This form replaced Form 2952, Information Return with Respect to Controlled Foreign Corporations, in 1983. Only a handful of Forms 2952 were filed for Income Year 1984 and are included in the data.

Sampling variability was not originally a factor in this study, since returns were selected at a rate of 100 percent and thus equaled the complete population. However, certain taxpayers did not provide the necessary information or provided only partial information for some CFC's. These CFC's (approximately 1,500 corporations) are not included in the data presented here and no attempt was made to weight the sample to adjust for them. For purposes of this article, the sample was considered to be the population (see footnote 3).

Not all of the information regarding CFC transactions (e.g., transactions with "unrelated" parties) is available from Statistics of Income data. However, total business receipts, earnings and profits, foreign taxes and transactions between CFC's and related parties (U.S. parent corporations and their domestic and other foreign subsidiaries) are reported as part of the parent corporation's U.S. income tax return and are included in this article.

Controlled Foreign Corporations were required to identify both their country of incorporation and principal place of business on Forms 5471. In some instances, a CFC's principal place of business differed from its country of incorporation. In other cases, a CFC's country of incorporation and principal place of business were the same, but the CFC conducted a significant portion of its business activities outside this country. The CFC's country

of incorporation and principal place of business were the same in more than 95 percent of all instances. As the statistics in this article are primarily classified by the CFC's country of incorporation, there is an undetermined amount of receipts, earnings, taxes, and transactions which are actually attributable to a country other than the country of incorporation. Additionally, the term "country" as used in this article includes not only countries, but also other separate taxation authorities, such as U.S. possessions.

Controlled Foreign Corporations were classified by their principal business activity as reported on Form 5471. As such, certain receipts, profits, and transaction items may have been related to secondary business activities. It is not possible to measure the extent of these secondary operations.

When U.S. corporations filed consolidated Forms 5471 with aggregated data for several foreign companies, follow-up requests were made in cases where large money amounts were reported in an attempt to obtain the CFC information on a disaggregated basis. More than 75 percent of these requests were successful. Where no information was received, the data were left consolidated under the country in which it was originally reported. Less than 1 percent of the CFC's included in the statistics reported contain financial information for a consolidated group of CFC's.

In some cases, sufficient detail was not provided to indicate by whom the CFC was directly controlled (i.e., by a domestic corporation or a foreign affiliate of the U.S. parent corporation). This was resolved by using the transactions they reported with related corporations to determine the recipient of any dividends. If this information was not conclusive, a previous-year record of the CFC or other reference material was used to determine the ownership.

The 1984 data are based on returns filed by U.S. corporations with full-year accounting periods ending between July 1984 and June 1985. Generally, part-year returns were deleted from the sample to avoid double counting of financial data. According to IRS regulations, a U.S. corporation had to submit a Form 5471 for any Controlled Foreign Corporation with an accounting period ending with or within the U.S. parent's accounting period. Therefore, CFC accounting periods may have ended as early as August 1983 (and, thus, began in September 1982) as late as June 1985. However, most CFC activity did occur in Calendar Year 1984.

EXPLANATION OF SELECTED TERMS

Business Receipts of Controlled Foreign Corporations.--Business receipts were, in general, gross receipts or gross sales less returns and allowances reported for CFC's on Forms 5471. In the finance, insurance, and real estate industries, business receipts were generally the total income or receipts of the CFC and may have included other types of income such as interest, rents, royalties and other investment income. This definition differs from that used for the business receipts statistics for domestic corporations which generally excludes investment income.

Current Earnings and Profits of Controlled Foreign Corporations.--This item represents the difference between the accumulated beginning and ending year balances of earnings and profits available for distribution to the stockholders. In this report, pre-tax current earnings and profits are shown. For Form 5471 purposes, the earnings and profits reported for a foreign corporation had to be calculated under U.S. accounting standards, as required by Internal Revenue regulations.

Distributions of Controlled Foreign Corporations.--The distributions of CFC's consisted mostly of dividends. Liquidating dividends may have also been included. Capital gain distributions, and distributions paid out of capital (including capital stock, paid-in capital, and capital surplus) were generally not included.

Foreign Income Taxes Paid by Controlled Foreign Corporations.--These were foreign income, war profits, and excess profits taxes paid or accrued by CFC's to foreign countries or U.S. possessions (including Puerto Rico). Also included were taxes imposed by other countries (including the United States) in cases in which the CFC had business operations in countries other than the one in which it was incorporated.

Inactive Controlled Foreign Corporations.--Inactive Controlled Foreign Corporations were those that reported no income, deductions, or foreign income taxes paid, but which may have reported dividends paid out of prior-year earnings and profits. These dividends, plus the total assets of these CFC's, are included in the statistics.

Related Persons of Controlled Foreign Corporations.--Five categories of related persons of CFC's were shown on Forms 5471 for the purpose of

reporting transactions. They were the U.S. corporation filing the return, a domestic corporation controlled by the U.S. corporation filing the return, a foreign corporation controlled by the U.S. corporation filing the return, a 10-percent-or-more U.S. shareholder of the CFC (other than the controlling shareholder), and a 10-percent-or-more U.S. shareholder of the U.S. corporation filing the return.

Sales (and Purchases) of Stock in Trade.—These were sales (and purchases) of merchandise in the ordinary course of trade or business.

Subpart F Income.—Subpart F provisions of the Internal Revenue Service Code (section 952) allowed the United States to tax U.S. shareholders on certain types of CFC income. These earnings, although undistributed to shareholders, were deemed to have been distributed and were thereby taxable currently, generally at the same rate(s) as dividends. Subpart F income included the following for 1984: income derived from the insurance of U.S. risks; international boycott participation income; illegal bribes, kickbacks, or other payments to a government official; and "foreign base company income" (i.e., income from a foreign Personal Holding Company and certain types of sales, service, shipping and oil-related income from a foreign base company). Also includible as income from CFC's were amounts of previously excluded Subpart F income meeting certain criteria and increases in foreign corporations' earnings invested in U.S. property.

Tax Haven Countries.—Countries having tax and secrecy laws favorable to foreign individuals and organizations are generally considered to be tax havens. They attempt to attract foreign investors by offering taxation lower than that imposed by the investor's own country or by other foreign countries. The tax haven country typically benefits by collecting certain fees or by imposing taxes at a low rate.

Transactions of Controlled Foreign Corporations.—Controlled Foreign Corporation transactions were reported on Forms 5471 for five categories of related persons (described previously under "Related Persons of Controlled Foreign Corporations") which dealt with the CFC's. The transactions shown include receipts and payments for such items as stock in trade, dividends, rents and royalties, commissions, services rendered, interest, insurance premiums, and property rights.

U.S. Affiliated Groups.—The U.S. parent corporation and all of its wholly-owned domestic subsidiaries included in the filing of a consolidated U.S. income tax return.

U.S. Parent Merchandise Trade Balance.—This is the relationship between CFC purchases of stock in trade from U.S. parent groups (exports) and CFC sales of stock in trade to their U.S. parent groups (imports). The excess of exports over imports results in a surplus, while the excess of imports over exports results in a deficit. For 1984, U.S. parent groups realized a \$16.2 billion surplus with respect to merchandise trade with their CFC's.

U.S. Merchandise Trade Balance.—This is the relationship between total U.S. merchandise exports and total U.S. merchandise imports. An excess of exports results in a surplus and an excess of imports results in a deficit. The United States realized a merchandise trade deficit of \$107.8 billion for 1984.

NOTES AND REFERENCES

- [1] For purposes of this analysis, a CFC's return on assets is defined as the ratio of earnings and profits (less deficits) before taxes to total assets.
- [2] International Bank for Reconstruction and Development, *World Tables*, Baltimore: Johns Hopkins University Press, 1989.
- [3] Due to incomplete reporting of financial information on Forms 5471, approximately 1,500 Controlled Foreign Corporations (CFC's) are not included in the data. However, it is estimated that the 27,008 CFC's for which data are presented in this article represent 95 percent or more of all the financial data for the population and therefore, are comparable to 1982 data. Throughout the rest of this article, all references to the CFC population will include only the data for the 27,008 CFC's. (See also "Data Sources and Limitations" at the end of this article.)

- [4] For purposes of this article, data are included only for foreign corporations controlled by U.S. corporations with \$250 million or more in total assets. Subsequent use of the terms "large U.S. multinationals" or "U.S. giant cor-

porations" refers to this group of corporations. Historically, more than two-thirds of all U.S.-controlled foreign corporations have been controlled by U.S. giant corporations. More significantly, both the assets and business receipts of CFC's controlled by these large U.S. corporations have accounted for more than 90 percent of the total assets and business receipts of all CFC's. See statistics on Controlled Foreign Corporations for 1980 in the *Statistics of Income Bulletin*, Summer 1984, Volume 3, Number 4.

- [5] Heller, Kenneth, *The Impact of U.S. Taxation on the Financing and Earnings Remittance Decisions of U.S.-based Multinational Firms with Controlled Foreign Corporations*, Arno Press, 1980, pp. 2-3.
- [6] Heller, *Op. cit.*, pp. 3-4.
- [7] U.S. corporations and individuals may claim a credit on their U.S. taxes for certain taxes paid to foreign governments. An excess foreign tax credit is the amount of creditable foreign taxes that the corporation did not claim in the current year. This could be due to U.S. tax law limitations or deferral to future years. For further information on foreign tax credits, see Mose, Vergie, "Corporate Foreign Tax Credit, 1984," *Statistics of Income Bulletin*, Winter 1989-90, Volume 9, Number 3.
- [8] For a further discussion of income from foreign branches, refer to Mose, Vergie, "Corporate Foreign Tax Credit, 1984," *Statistics of Income Bulletin*, Winter 1989-90, Volume 9, Number 3.
- [9] More recently, the Tax Reform Act of 1986 expanded further the definition of Subpart F income. Generally, these changes apply to taxable years of foreign corporations beginning after December 31, 1986.
- [10] For Statistics of Income purposes, countries that fall under the Other Western Hemisphere

category include Bahamas, Bermuda, Netherlands Antilles, Leeward Islands, Windward Islands, Antigua, Barbuda, the French West Indies, Falkland Islands and Greenland.

- [11] For a further discussion of CFC activity by industry, see Lewis, Margaret P., "Controlled Foreign Corporations, 1984: An Industry Focus," *Statistics of Income Bulletin*, Fall 1989, Volume 9, Number 2.
- [12] There are differences in these figures which limit this comparison. Net income (before taxes), i.e., net income computed under provisions of the Internal Revenue Code, is used in place of earnings and profits for purposes of computing the U.S. parent corporations' return on assets because earnings and profits, as such, is not reported by the parent. To the extent that the concept of earnings and profits differs from that of net income, the comparison of a CFC's return on assets to the U.S. parent corporation's return on assets is limited.
- [13] Pearson, John, *Business Week*, March 22, 1985, p. 155.
- [14] U.S. Department of Commerce, Bureau of the Census, *Highlights of U.S. Export and Import Trade*, FT 990, monthly. Data from this source are based on the 1984 calendar year, while CFC data are based on accounting periods of U.S. parent corporations ended July 1984 through June 1985 and accounting periods of CFC's ending with, or within, the U.S. parent corporation's accounting period.
- [15] For a further discussion of the Deficit Reduction Act of 1984 and its effects on finance-related operations in the Netherlands Antilles, see Lewis, Margaret P., "Foreign Recipients of U.S. Income, 1984," *Statistics of Income Bulletin*, Fall 1986, Volume 6, Number 2.

Table 1.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation

(Money amounts are in thousands of dollars)

Selected country of incorporation and selected industry of controlled foreign corporation	Controlled Foreign Corporations									
	Number of U.S. corporations	Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficits) before taxes	Foreign income taxes (net)	Foreign income taxes (net)	Actual distribution in current year	Subpart F income	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
All geographic areas, total	1,103	27,008	595,406,489	624,520,965	48,581,785	57,469,606	19,888,594	19,863,431	17,429,494	4,420,021
All Industries, total	46	161	978,638	1,006,480	38,633	88,809	31,682	33,767	19,072	15,072
Agriculture, forestry and fishing	46	161	978,638	1,006,480	38,633	88,809	31,682	33,767	19,072	15,072
Mining	123	821	25,901,284	19,534,830	5,840,113	431,745	561,290	4,016,773	4,021,775	2,088,531
Construction	51	396	4,778,866	5,840,113	431,745	561,290	104,504	165,775	171,063	14,108
Manufacturing	156	626	16,223,121	10,011,858	641,795	1,330,717	9,923,041	9,686,985	7,396,511	845,622
Transportation and public utilities	467	4,646	74,983,155	199,002,412	9,143,205	10,579,211	3,971,057	3,971,057	537,151	154,425
Wholesale and retail trade	671	3,915	228,186,477	34,113,467	6,917,561	8,143,221	1,116,328	1,100,551	2,379,836	2,391,587
Finance, insurance and real estate	399	2,571	19,436,781	12,937,029	1,658,857	1,900,428	414,495	432,473	395,500	175,611
Services	133	341	758,852	656,025	72,907	91,700	17,805	17,866	11,610	709
Nature of business not allocable										
Canada	761	2,840	99,795,914	117,740,139	10,885,548	11,387,673	4,216,902	4,195,403	3,546,748	172,849
All Industries, total	761	2,840	99,795,914	117,740,139	10,885,548	11,387,673	4,216,902	4,195,403	3,546,748	172,849
Agriculture, forestry and fishing	4	4	54,133	39,873	11,991	11,991	5,358	5,358	945,802	2,403
Mining	85	147	11,013,230	7,785,807	2,032,111	2,098,216	925,219	923,890	35,263	51,597
Construction	24	46	614,067	1,004,302	119,350	121,259	35,542	35,542	2,739,060	93,452
Manufacturing	404	777	48,561,760	37,727,483	308,475	360,829	126,239	115,096	50,942	4,128
Transportation and public utilities	193	505	8,781,552	18,439,208	509,540	590,938	179,825	183,967	127,082	4,128
Wholesale and retail trade	145	297	21,945,837	3,662,546	488,021	574,020	134,569	120,265	294,401	60,302
Finance, insurance and real estate	124	279	2,202,408	1,613,333	164,845	187,182	62,937	71,870	14,822	12,361
Services	25	34	56,637	16,044	538	1,290	650	634	1,514	—
Nature of business not allocable										
Latin America, total	624	4,395	66,543,615	66,071,722	5,164,258	7,012,933	1,873,808	1,940,589	1,905,702	603,824
All Industries, total	624	4,395	66,543,615	66,071,722	5,164,258	7,012,933	1,873,808	1,940,589	1,905,702	603,824
Agriculture, forestry and fishing	30	81	380,612	178,441	24,128	14,860	2,254	2,325	2,014	69,940
Mining	56	208	3,987,140	1,327,916	239,846	442,123	85,477	87,925	153,441	5,344
Construction	19	51	690,670	307,248	25,166	56,371	13,571	13,698	5,679	—
Manufacturing	327	1,500	28,855,140	33,182,336	3,008,006	4,086,872	1,378,351	1,409,159	979,584	193,814
Transportation and public utilities	47	105	1,822,536	801,869	1,185	155,889	18,042	22,445	15,798	16,229
Wholesale and retail trade	209	481	8,309,527	25,969,143	712,664	843,402	186,144	209,444	395,306	100,089
Finance, insurance and real estate	174	529	19,554,043	5,056,938	816,914	989,316	124,851	130,547	252,171	99,000
Services	142	333	2,055,276	1,225,884	357,746	353,973	64,724	64,358	71,307	29,118
Nature of business not allocable	34	52	84,427	11,949	29,236	30,126	394	390	401	97
Brazil	371	993	17,775,852	18,493,699	1,851,911	2,466,141	677,779	720,788	589,256	47,079
All Industries, total	371	993	17,775,852	18,493,699	1,851,911	2,466,141	677,779	720,788	589,256	47,079
Agriculture, forestry and fishing	11	15	43,921	17,002	—	2,144	807	837	18	—
Mining	27	60	530,430	68,056	—	14,807	3,418	3,407	2,339	18
Construction	8	9	171,821	110,698	6,828	14,984	4,258	4,199	4,183	—
Manufacturing	202	382	10,775,822	10,068,950	1,189,123	1,633,090	504,583	519,538	490,717	26,516
Transportation and public utilities	8	12	16,265	10,765	347	2,332	904	1,349	538	3,839
Wholesale and retail trade	70	103	2,109,684	6,050,632	225,551	281,149	68,231	90,446	53,250	13,222
Finance, insurance and real estate	71	130	3,651,973	1,806,787	264,902	331,571	89,609	93,872	37,075	1,304
Services	70	92	384,821	359,660	173,221	186,021	60	60	1,151	—
Nature of business not allocable	9	12	20,947	1,090	—	391	53	—	—	—
Mexico	327	835	9,422,497	11,637,194	824,093	1,056,003	543,721	552,997	160,784	13,211
All Industries, total	327	835	9,422,497	11,637,194	824,093	1,056,003	543,721	552,997	160,784	13,211
Agriculture, forestry and fishing	5	15	12,122	9,053	435	1,228	396	420	513	—
Mining	8	12	58,124	49,230	—	1,095	499	—	1,252	—
Construction	210	405	5,623,771	7,857,770	707,640	883,186	485,253	496,898	106,241	590
Manufacturing	3	3	6,061	4,146	—	191	67	—	—	—
Transportation and public utilities	46	83	1,342,567	1,922,677	90,600	105,650	42,625	42,865	17,116	185
Wholesale and retail trade	47	59	1,878,044	1,480,551	—	30,531	5,407	5,600	31,892	—
Finance, insurance and real estate	36	45	338,421	295,015	18,780	20,030	7,360	7,376	3,749	—
Services	4	4	50,703	202	29,167	29,178	5	5	—	—
Nature of business not allocable										
Panama	196	509	18,889,886	20,833,290	1,294,847	1,507,205	231,090	235,486	848,575	393,843
All Industries, total	196	509	18,889,886	20,833,290	1,294,847	1,507,205	231,090	235,486	848,575	393,843
Agriculture, forestry and fishing	16	53	1,598,822	3,018,185	155,638	192,117	21,587	22,261	119,262	156,884
Mining	5	12	299,202	57,729	3,436	9,202	4,850	4,884	—	49,594
Construction	45	71	2,420,321	4,743,089	513,279	519,430	135,004	135,300	4,461	5,025
Manufacturing	29	48	1,327,226	559,996	82,297	48,992	997	997	231,931	94,476
Transportation and public utilities	47	65	2,650,505	13,948,466	216,209	226,013	26,643	26,557	153,367	3,014
Wholesale and retail trade	71	91	9,812,515	1,056,610	419,672	431,754	8,141	8,140	—	—
Finance, insurance and real estate	21	37	346,202	149,056	78,758	79,545	33,866	33,856	—	—
Services	5	6	2,681	159	152	153	2	2	—	—
Nature of business not allocable										

Footnotes at end of table.

Table 1.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected country of incorporation and selected industry of controlled foreign corporation	Controlled Foreign Corporations									
	Number of U.S. corporations	Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficits) before taxes	Foreign income taxes (net)	Foreign income taxes (net)	Actual distribution in current year	Subpart F income	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Venezuela	181	377	3,524,672	2,784,877	139,460	316,423	103,158	103,089	101,857	10,657
All Industries, total	181	377	3,524,672	2,784,877	139,460	316,423	103,158	103,089	101,857	10,657
Agriculture, forestry and fishing	7	15	55,258	40,875	9,952	10,111	2,314	2,314	3,664	—
Mining	5	9	253,148	103,075	15,533	18,936	10,260	10,660	47	2,955
Construction	84	147	2,402,918	2,233,733	63,785	209,036	69,665	70,233	74,786	6,949
Manufacturing	35	44	441,946	262,163	21,561	35,900	7,581	7,886	4,684	—
Transportation and public utilities	14	20	102,934	17,775	9,108	11,397	3,104	3,140	6,968	363
Wholesale and retail trade	21	29	171,152	91,993	18,068	27,487	8,845	7,476	11,705	112
Finance, insurance and real estate	4	4	656	—	—	3	15	15	2	—
Services										
Nature of business not allocable										
Other Western Hemisphere, total	586	1,610	90,638,424	40,799,292	3,269,817	4,321,555	355,870	356,837	920,398	2,090,179
All Industries, total	586	1,610	90,638,424	40,799,292	3,269,817	4,321,555	355,870	356,837	920,398	2,090,179
Agriculture, forestry and fishing	34	100	1,212,864	20,391	42,781	113,334	25,690	25,873	64,229	1,096
Mining	6	14	184,224	73,564	1,698	12,961	—	—	1,975	408
Construction	47	59	3,162,671	4,169,261	49,557	240,063	24,071	23,387	46,111	25,850
Manufacturing	32	52	1,301,068	845,731	52,017	55,275	737	732	12,446	5,282
Transportation and public utilities	56	90	5,085,666	24,937,159	196,732	287,575	69,035	70,533	49,257	13,840
Wholesale and retail trade	465	928	76,942,617	10,003,703	3,013,946	3,402,651	212,163	211,666	700,016	1,791,810
Finance, insurance and real estate	56	83	2,418,928	565,953	201,402	209,215	24,157	24,428	46,364	64,772
Services	13	15	26,222	—	393	481	33	33	—	2,222
Nature of business not allocable										
Bahamas	97	234	7,949,971	15,390,781	—11,831	401,217	56,517	58,209	140,396	90,934
All Industries, total	97	234	7,949,971	15,390,781	—11,831	401,217	56,517	58,209	140,396	

Table 1.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected country of incorporation and selected industry of controlled foreign corporation	Controlled Foreign Corporations									
	Number of U.S. corporations	Number of foreign corporation returns	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distribution in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Austria										
All industries, total.....	188	267	2,501,320	3,309,232	183,185	200,825	59,708	60,087	60,239	17,833
Agriculture, forestry and fishing.....	—	—	—	—	—	—	—	—	—	—
Mining.....	4	4	4,185	4,157	741	1,408	1,107	1,107	1,006	—
Construction.....	57	75	872,475	1,166,151	80,904	90,769	35,549	35,405	23,843	4,481
Manufacturing.....	5	6	35,792	12,624	3,704	4,204	—	—	—	—
Transportation and public utilities.....	74	98	729,742	1,901,597	48,133	52,957	15,413	15,443	18,251	740
Wholesale and retail trade.....	12	15	753,991	119,227	37,424	38,742	1,226	1,551	12,689	12,249
Finance, insurance and real estate.....	30	35	72,131	70,153	9,736	10,001	5,262	5,262	2,844	168
Services.....	—	—	—	—	—	—	—	—	—	—
Nature of business not allocable.....	—	—	—	—	—	—	—	—	—	—
Belgium										
All industries, total.....	303	594	12,396,043	15,837,221	511,641	789,886	267,632	239,985	218,257	65,848
Agriculture, forestry and fishing.....	—	—	—	—	—	—	—	—	—	—
Mining.....	—	—	—	—	—	—	—	—	—	—
Construction.....	10	11	115,819	83,266	18,560	1,872	3,788	3,794	1,133	—
Manufacturing.....	152	212	6,306,628	11,780,757	351,246	553,746	208,617	180,191	188,017	55,203
Transportation and public utilities.....	10	12	7,523	3,611	749	818	169	189	216	9,201
Wholesale and retail trade.....	109	149	1,666,677	3,223,938	31,685	102,043	26,265	26,766	21,416	140
Finance, insurance and real estate.....	32	53	3,597,582	512,472	43,881	45,586	16,478	16,546	4,138	982
Services.....	66	94	682,345	204,941	38,513	41,289	12,130	12,127	3,553	—
Nature of business not allocable.....	7	7	14,509	27,937	27,009	27,682	366	372	—	—
Denmark										
All industries, total.....	134	208	1,776,780	3,102,316	124,194	173,997	64,321	61,851	37,273	621
Agriculture, forestry and fishing.....	—	—	—	—	—	—	—	—	—	—
Mining.....	7	8	2,119	3,834	3,486	234	98	98	103	—
Construction.....	49	59	1,044,342	1,848,065	124,452	137,916	52,358	49,735	32,339	5
Manufacturing.....	3	3	2,860	1,473	171	171	130	130	2,834	1
Transportation and public utilities.....	55	70	567,459	1,195,926	6,768	24,388	8,628	8,703	2,834	1
Wholesale and retail trade.....	8	10	79,212	7,574	3,725	3,841	626	905	449	815
Finance, insurance and real estate.....	19	30	81,234	44,724	5,989	116	57	57	—	—
Services.....	3	3	552	—	111	—	—	—	—	—
Nature of business not allocable.....	—	—	—	—	—	—	—	—	—	—
France (including Andorra)										
All industries, total.....	396	1,207	19,699,801	34,520,834	1,552,693	1,874,127	802,341	793,273	526,380	35,605
Agriculture, forestry and fishing.....	3	3	4,693	6,113	813	813	194	194	—	—
Mining.....	10	12	40,678	16,398	699	7,622	215	104	60	—
Construction.....	13	27	261,436	937,065	23,194	26,823	11,111	11,427	19,628	—
Manufacturing.....	222	461	13,056,367	24,833,185	1,367,452	1,581,069	690,711	690,084	442,415	38,185
Transportation and public utilities.....	9	11	18,435	11,057	1,974	2,119	441	436	30,124	333
Wholesale and retail trade.....	160	329	2,817,536	7,228,693	69,206	139,908	67,778	49,524	17,091	1,008
Finance, insurance and real estate.....	59	89	2,820,256	411,305	51,166	58,770	16,146	15,436	17,091	1,008
Services.....	91	151	650,887	1,049,817	38,869	55,438	25,634	25,956	17,013	1,008
Nature of business not allocable.....	15	19	17,632	15,214	320	565	112	113	49	1
Italy (including San Marino)										
All industries, total.....	321	741	17,896,156	23,969,229	1,543,138	1,790,373	669,357	669,156	353,619	9,487
Agriculture, forestry and fishing.....	—	—	—	—	—	—	—	—	—	—
Mining.....	14	15	81,838	60,876	4,622	10,833	5,232	5,002	3,310	—
Construction.....	9	12	704,938	426,843	31,190	32,632	8,810	8,810	277	60
Manufacturing.....	161	311	10,232,652	17,165,909	1,226,642	1,416,702	530,646	529,552	289,548	7,051
Transportation and public utilities.....	4	4	297,457	242,310	27,143	8,494	8,494	3,008	—	—
Wholesale and retail trade.....	116	175	2,097,712	5,001,798	180,812	168,450	66,286	68,185	27,890	2,599
Finance, insurance and real estate.....	35	50	4,117,352	712,060	90,411	97,091	35,713	34,811	13,731	2,599
Services.....	51	78	364,995	356,845	31,765	36,928	13,940	15,048	15,759	6
Nature of business not allocable.....	7	7	1,514	2,588	553	595	236	236	—	—
Netherlands										
All industries, total.....	348	1,071	25,551,110	22,760,455	1,347,828	1,673,177	310,384	296,296	388,720	172,023
Agriculture, forestry and fishing.....	3	4	13,719	52,235	140	1,123	248	169	—	—
Mining.....	15	24	71,521	9,236	190	1,954	541	1,038	—	—
Construction.....	11	21	166,774	205,011	3,972	13,449	5,560	5,640	4,915	122,109
Manufacturing.....	154	257	9,000,337	15,554,687	974,941	1,142,383	225,167	216,793	133,662	2,026
Transportation and public utilities.....	22	24	330,398	193,092	64,978	66,621	6,567	6,576	24,515	4,813
Wholesale and retail trade.....	121	189	2,354,341	4,661,757	96,577	170,917	38,494	34,155	105,167	4,175
Finance, insurance and real estate.....	112	220	12,136,874	1,432,063	174,080	234,609	25,941	25,007	109,593	1,627
Services.....	64	111	1,432,239	642,381	28,636	40,844	7,780	6,857	10,808	23
Nature of business not allocable.....	10	17	10,366	9,664	1,215	1,276	61	61	1	1

Footnotes at end of table.

Table 1.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected country of incorporation and selected industry of controlled foreign corporation	Number of U.S. corporations	Controlled Foreign Corporations								
		Number of foreign corporation returns	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distribution in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Norway										
All industries, total.....	126	191	510,876	2,706,337	180,722	241,567	95,847	96,508	28,827	38,710
Agriculture, forestry and fishing.....	—	—	—	—	—	—	—	—	—	—
Mining.....	20	25	100,743	62,610	—26,444	13,234	5,011	5,026	1,432	—
Construction.....	4	4	24,903	18,337	—2,731	474	220	1,292	985	—
Manufacturing.....	37	44	719,978	1,338,086	128,037	136,483	51,426	52,491	18,190	34,710
Transportation and public utilities.....	3	3	40,459	532	9,114	9,130	5,261	5,261	—	—
Wholesale and retail trade.....	54	66	554,881	1,251,746	68,348	77,009	31,876	32,078	7,458	4,000
Finance, insurance and real estate.....	—	—	—	—	—	—	—	—	—	—
Services.....	16	28	65,322	34,525	4,398	5,256	2,053	2,360	763	—
Nature of business not allocable.....	—	—	—	—	—	—	—	—	—	—
Spain										
All industries, total.....	245	502	8,786,051	7,426,418	347,978	662,943	188,750	181,625	158,859	419
Agriculture, forestry and fishing.....	5	10	23,763	69,061	—429	1,549	292	298	—	—
Mining.....	7	7	12,012	14,665	—304	3,406	1,275	1,275	384	—
Construction.....	7	7	104,474	114,177	3,964	3,964	2,866	2,866	3,387	—
Manufacturing.....	120	206	5,311,354	5,404,805	258,513	524,220	149,624	144,735	132,212	13
Transportation and public utilities.....	7	8	22,569	10,070	—502	310	49	49	—	—
Wholesale and retail trade.....	68	94	850,240	1,331,816	53,225	79,270	20,669	20,366	14,636	406
Finance, insurance and real estate.....	33	34	2,043,002	279,879	22,606	24,660	7,671	7,735	3,071	—
Services.....	28	49	256,482	201,944	11,048	19,270	4,285	4,280	15,169	—
Nature of business not allocable.....	—	—	—	—	—	—	—	—	—	—
Sweden										
All industries, total.....	192	350	2,837,453	4,750,250	308,637	330,836	159,191	157,447	75,568	140
Agriculture, forestry and fishing.....	—	—	—	—	—	—	—	—	—	—
Mining.....	—	—	—	—	—	—	—	—	—	—
Construction.....	—	—	—	—	—	—	—	—	—	—
Manufacturing.....	169	295	1,274,651	1,872,150	216,305	220,859	127,008	127,091	145,257	—
Transportation and public utilities.....	4	5	7,426	2,609	151	357	64	64	—	—
Wholesale and retail trade.....	86	113	1,367,046	2,731,078	80,266	95,033	26,897	25,310	23,111	14
Finance, insurance and real estate.....	10	15	57,677	5,625	3,480	3,480	106	106	5,232	—
Services.....	27	36	120,003	138,758	8,445	11,087	5,120	4,868	968	126
Nature of business not allocable.....	5	5	1,200	—	16	20	5	—	—	—
Switzerland										
All industries, total.....	335	781	21,732,084	26,415,104	1,687,732	1,790,875	301,521	310,773	338,130	519,641
Agriculture, forestry and fishing.....	—	—	—	—	—	—	—	—	—	—
Mining.....	3	3	387	—	—78	—	—	—	—	—
Construction.....	4	31	258,217	222,626	—850	5,671	583	716	1,848	—
Manufacturing.....	92	160	4,055,697	3,472,939	466,296	495,004	100,060	100,654	90,157	48,693
Transportation and public utilities.....	5	5	1,426	3,359	—139	28	26	45	—	—
Wholesale and retail trade.....	132	214	7,820,772	21,010,208	714,687	750,843	116,712	122,360	99,274	219,567
Finance, insurance and real estate.....	108	155	8,448,633	11,022,472	367,653	397,054	54,021	56,387	117,398	198,082
Services.....	90	131	1,100,832	601,127	139,502	141,708	29,995	30,176	30,458	52,275
Nature of business not allocable.....	13	15	3,619	2,194	400	419	124	124	—	—
United Kingdom										
All industries, total.....	634	4,135	63,826,123	96,418,493	11,507,602	12,396,451	5,771,757	5,770,896	4,802,692	137,822,692
Agriculture, forestry and fishing.....	7	10	59,105	28,120	11,241	12,466	7,525	7,524	3,977	—
Mining.....	43	80	8,908,388	8,010,081	3,637,925	3,674,086	2,316,294	2,318,456	818,459	50,600
Construction.....	16	42	470,102	522,178	61,809	80,472	25,893	25,784	9,538	—
Manufacturing.....	319	787	26,484,426	50,303,576	1,823,816	2,377,468	783,453	773,250	675,079	102,756
Transportation and public utilities.....	34	55	717,657	1,591,668	264,550	276,250	11,273	11,153	8,866	9,672
Wholesale and retail trade.....	214	449	11,623,938	28,855,436	5,044,621	5,244,174	2,341,745	2,339,661	2,753,800	4,088,800
Finance, insurance and real estate.....	179	528	31,098,947	47,723,289	934,490	1,116,377	223,713	224,555	498,356	18,807
Services.....	176	424	3,373,054	2,360,000	156,351	212,918	62,911	70,629	23,436	21,007
Nature of business not allocable.....	37	51	91,926	25,060	—4,303	881	—50	60	182	341
West Germany										
All industries, total.....	425	3,455	43,967,825	59,598,385	2,761,822	3,446,100	1,507,775	1,301,099	1,058,055	54,625,055
Agriculture, forestry and fishing.....	3	4	5,376	9,251	634	650	310	310	—	—
Mining.....	8	9	49,126	93,812	19,069	19,793	10,052	10,052	12,255	—
Construction.....	8	16	194,194	315,183	11,508	12,927	4,653	4,653	—	—
Manufacturing.....	253	510	24,060,170	40,014,117	1,888,348	2,416,691	1,218,805	1,037,454	788,901	54,361
Transportation and public utilities.....	17	17	115,525	72,896	4,582	6,550	941	941	664	1
Wholesale and retail trade.....	167	334	5,217,338	15,564,902	281,126	365,948	131,822	121,243	152,310	53
Finance, insurance and real estate.....	64	134	12,205,455	1,501,493	316,521	340,735	104,065	79,021	79,021	210
Services.....	99	190	1,690,957	1,159,462	215,363	234,697	21,378	21,123	12,759	—
Nature of business not allocable.....	21	29	320,515	467,269	22,471	26,187	14,924	14,911	8,564	—
Footnotes at end of table										

Table 1.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected country of incorporation and selected industry of controlled foreign corporation	Number of U.S. corporations	Controlled Foreign Corporations										Subpart F income
		Number of foreign corporation returns	Total assets	Business receipts	Current earnings and profits (less deficits) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distribution in current year	Subpart F income		Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Africa, total												
All industries, total	301	1,328	15,150,943	14,962,139	1,049,382	1,832,048	1,018,354	901,805	667,272	147,637		
Agriculture, forestry and fishing	5	6	76,256	88,641	5,074	5,556	230	1,102	—	—		
Mining	24	74	1,630,925	1,366,979	676,030	753,838	565,185	586,983	40,657	14,207		
Construction	10	19	89,873	117,303	12,549	16,630	7,214	6,903	—	—		
Manufacturing	127	263	2,883,224	4,035,093	185,706	337,712	167,473	137,701	154,588	3,655		
Transportation and public utilities	49	109	3,472,881	1,494,288	—189,438	159,392	2,313	2,373	299,163	118,380		
Wholesale and retail trade	80	199	2,798,857	7,294,598	376,201	445,065	227,802	228,234	130,025	4,641		
Finance, insurance and real estate	46	130	2,607,356	419,658	—22,606	94,389	23,942	25,030	31,204	5,616		
Services	41	75	482,822	140,375	6,126	19,453	4,144	4,516	1,174	—		
Nature of business not allocable	18	24	14,513	5,214	—806	202	52	56	199	—		
Liberia												
All industries, total	86	291	6,322,948	2,165,305	—252,578	266,148	9,359	10,303	349,185	143,386		
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—		
Mining	7	29	312,636	60,249	—28,581	33,197	—	557	21,116	14,207		
Construction	4	8	88,316	39,330	5,345	5,397	3,850	3,826	—	2,951		
Manufacturing	44	98	3,450,658	1,486,740	—189,956	157,902	1,818	1,877	299,163	118,380		
Transportation and public utilities	4	4	299,438	366,163	19,896	19,902	302	302	14,037	2,068		
Wholesale and retail trade	12	17	1,519,073	108,230	—67,115	35,015	3,095	3,095	14,550	5,616		
Finance, insurance and real estate	12	21	345,954	25,006	1,627	8,049	65	417	320	163		
Services	4	6	1,416	—	—530	99	—	—	—	—		
Nature of business not allocable	—	—	—	—	—	—	—	—	—	—		
South Africa (including Namibia)												
All industries, total	212	582	4,166,745	7,083,989	320,494	487,389	271,766	271,906	214,017	194		
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—		
Mining	7	14	30,133	23,920	1,959	5,527	2,369	3,241	2,575	—		
Construction	5	6	26,807	91,705	11,909	12,033	8,164	8,147	6,029	—		
Manufacturing	105	165	2,034,310	3,459,796	149,025	235,740	121,020	119,806	131,574	184		
Transportation and public utilities	7	7	8,209	2,711	1,066	1,396	7	450	—	—		
Wholesale and retail trade	65	85	1,254,356	3,169,766	130,114	191,638	125,814	125,474	65,106	10		
Finance, insurance and real estate	29	83	589,711	238,945	20,154	31,584	12,270	13,183	6,058	—		
Services	18	30	81,332	96,151	6,325	9,375	3,636	3,558	2,479	—		
Nature of business not allocable	8	11	2,293	996	—57	85	43	47	199	—		
Asia, total												
All industries, total	505	2,361	39,489,839	45,084,714	3,718,107	4,155,837	1,396,215	1,398,370	1,512,097	212,204		
Agriculture, forestry and fishing	5	8	126,671	111,601	22,425	22,943	10,268	10,268	8,105	—		
Mining	28	48	360,004	377,834	75,186	93,590	44,424	44,957	3,961	1,587		
Construction	15	59	774,149	1,244,173	92,322	109,676	40,010	40,171	40,553	7,914		
Manufacturing	236	770	17,143,632	23,679,822	2,350,965	2,587,413	918,414	928,689	871,702	49,480		
Transportation and public utilities	19	39	1,882,781	668,165	180,136	162,244	36,857	39,970	110,964	3,906		
Wholesale and retail trade	214	530	6,556,689	15,512,075	731,103	781,908	269,044	267,533	375,488	186,048		
Finance, insurance and real estate	81	244	10,899,887	1,625,380	118,432	210,176	31,145	36,073	14,652	3,237		
Services	125	246	1,616,418	1,860,756	167,527	187,531	35,967	36,654	86,672	10,080		
Nature of business not allocable	16	29	10,944	4,909	6	155	86	55	—	—		
Hong Kong												
All industries, total	282	597	12,223,191	6,772,075	704,134	819,175	134,912	135,048	348,785	101,234		
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—		
Mining	3	3	10,165	12,530	8,599	9,093	—	52	256	909		
Construction	5	6	33,213	86,085	9,985	7,059	1,209	1,208	3,072	—		
Manufacturing	68	103	1,958,692	2,378,193	181,924	214,771	42,652	42,811	78,840	16,596		
Transportation and public utilities	8	16	1,802,777	632,042	152,844	152,985	35,519	35,519	110,426	3,908		
Wholesale and retail trade	99	142	1,568,584	2,407,617	213,281	223,481	28,138	138,687	74,581	74,581		
Finance, insurance and real estate	55	113	6,401,934	970,891	80,912	147,540	12,133	3,471	3,230	—		
Services	61	78	354,380	284,717	59,529	64,184	15,265	15,158	14,032	10,011		
Nature of business not allocable	6	9	8,686	—	59	61	28	—	—	—		
Japan (including Okinawa and Ryukyu)												
All industries, total	280	489	12,465,704	19,243,818	1,507,235	1,578,538	830,256	831,498	534,721	64,569		
Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—		
Mining	—	—	—	—	—	—	—	—	—	—		
Construction	5	5	74,357	117,948	17,787	18,396	11,128	11,128	893	8,670		
Manufacturing	117	175	6,445,214	8,214,119	1,110,741	1,151,378	624,414	625,931	354,670	59,900		
Transportation and public utilities	3	3	7,773	5,886	—73	1,713	1,033	1,145	311	—		
Wholesale and retail trade	116	149	3,687,862	10,412,605	346,014	368,875	169,026	167,445	165,042	—		
Finance, insurance and real estate	21	32	1,876,993	257,263	10,234	21,186	8,387	8,894	4,527	—		
Services	50	62	364,599	235,433	22,581	25,935	16,127	16,843	9,168	—		
Nature of business not allocable	7	9	572	265	—48	55	42	11	—	—		

Footnotes at end of table.

Table 1.—U.S. Corporation Returns with Total Assets of \$250 Million or More: Controlled Foreign Corporation Total Assets, Receipts, Earnings, Taxes, Distributions, and Subpart F Income, by Selected Country of Incorporation and Selected Industry of Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected country of incorporation and selected industry of controlled foreign corporation	Number of U.S. corporations	Controlled Foreign Corporations										Subpart F income
		Number of foreign corporation returns	Total assets	Business receipts	Current earnings and profits (less deficits) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year			
						Current earnings and profits before taxes	Foreign income taxes (net)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)			
Philippines												
All industries, total.....	93	136	1,541,417	2,119,186	124,874	162,232	59,698	65,959	11,954	598		
Agriculture, forestry and fishing.....	4	4	54,682	56,603	5,437	5,954	4,324	4,324	354	—		
Mining.....	—	—	—	—	—	—	—	—	—	—		
Construction.....	3	3	4,468	4,126	—	—	—	—	—	—		
Manufacturing.....	54	61	1,148,793	1,860,954	112,796	142,450	52,282	54,848	11,526	270		
Transportation and public utilities.....	19	23	66,005	80,851	8,136	9,194	2,626	2,632	3	327		
Wholesale and retail trade.....	9	14	229,932	86,758	—4,841	175	79	3,768	—	(1)		
Finance, insurance and real estate.....	9	9	31,569	29,639	3,905	3,979	262	262	35	—		
Services.....	—	—	—	—	—	—	—	—	—	—		
Nature of business not allocable.....	—	—	—	—	—	—	—	—	—	—		
Oceania, total												
All industries, total.....	409	1,709	24,793,848	22,724,806	1,388,828	1,721,058	617,054	612,643	562,861	73,893		
Agriculture, forestry and fishing.....	10	13	154,336	364,610	3,167	8,731	1,993	3,478	4,976	—		
Mining.....	31	54	410,613	177,691	—25,852	24,973	8,749	8,811	11,989	2		
Construction.....	10	21	134,887	210,760	7,865	17,332	6,180	6,174	5,465	—		
Manufacturing.....	205	442	9,040,848	12,087,470	632,052	974,267	398,676	396,369	281,083	2,180		
Transportation and public utilities.....	14	22	238,272	204,406	25,111	28,678	10,586	10,586	10,381	245		
Wholesale and retail trade.....	124	249	3,773,057	7,688,456	242,832	302,770	100,354	98,797	53,284	36,883		
Finance, insurance and real estate.....	69	251	10,343,107	1,612,964	284,142	317,430	66,240	177,158	33,762	33,662		
Services.....	76	145	515,975	377,003	27,120	45,295	21,321	21,265	16,931	820		
Nature of business not allocable.....	10	13	25,044	1,446	1,390	1,580	755	758	694	—		
Australia												
All industries, total.....	394	1,389	23,327,255	20,499,758	1,257,208	1,566,171	551,002	547,202	532,213	73,510		
Agriculture, forestry and fishing.....	10	13	154,336	364,610	3,167	8,731	1,993	3,479	4,976	—		
Mining.....	30	45	354,504	160,245	—27,046	19,452	8,749	8,810	11,989	2		
Construction.....	6	13	119,425	174,405	13,128	14,675	5,097	5,117	4,535	—		
Manufacturing.....	200	428	8,857,910	11,458,199	771,827	915,741	373,634	372,839	264,065	2,097		
Transportation and public utilities.....	12	353	230,487	201,579	25,074	28,598	10,550	10,550	10,381	245		
Wholesale and retail trade.....	110	196	3,297,110	5,334,712	193,867	250,532	72,261	69,579	44,752	36,583		
Finance, insurance and real estate.....	81	214	9,841,648	1,452,329	252,736	285,721	57,200	55,365	173,796	33,762		
Services.....	10	130	493,739	352,234	23,068	41,140	20,760	16,685	16,685	820		
Nature of business not allocable.....	10	13	25,044	1,446	1,390	1,580	755	758	694	—		
Puerto Rico and U.S. Possessions, total												
All industries, total.....	182	376	6,436,158	5,852,425	179,306	208,992	60,587	62,459	34,382	12,383		
Agriculture, forestry and fishing.....	4	7	18,203	8,630	772	771	126	126	—	—		
Mining.....	—	—	—	—	—	—	—	—	—	—		
Construction.....	—	—	—	—	—	—	—	—	—	—		
Manufacturing.....	23	26	1,790,903	4,452,420	41,987	61,140	15,221	15,221	10,656	22		
Transportation and public utilities.....	14	17	221,919	132,083	13,763	14,320	4,572	4,572	299	2,671		
Wholesale and retail trade.....	32	63	556,342	773,254	67,369	68,669	20,887	20,858	15,956	9,609		
Finance, insurance and real estate.....	41	131	3,703,226	205,729	41,027	49,344	17,040	18,905	2,698	21		
Services.....	3	29	137,917	90,240	14,459	14,600	2,780	2,776	4,773	—		
Nature of business not allocable.....	3	3	2,048	—	19	19	—	—	—	—		
Less than \$500.....	—	—	—	—	—	—	—	—	—	—		

Table 2.—Number of U. S. Corporation Returns with Total Assets of \$250 Million or More: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, and Selected Transactions of Their Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation

(Money amounts are in thousands of dollars)

Selected country of incorporation of controlled foreign corporation	Number of U.S. corporation returns	Controlled Foreign Corporations					
		Number of foreign corporation returns	Total assets	Business receipts	Current earnings and profits (less deficit before taxes)	Net taxes	Actual distributions in current year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All geographic areas, total	1,103	27,008	595,406,489	624,529,888	48,591,785	10,663,431	17,429,494
Canada	761	2,840	96,795,914	117,740,139	10,885,548	1,195,403	3,546,748
Latin America, total	624	4,385	66,543,615	68,071,722	5,164,258	1,040,589	603,824
Mexico	327	835	9,422,497	11,637,194	824,093	552,997	13,212
Central America, total	841	20,439,675	22,350,601	1,389,665	278,266	687,999	394,037
Costa Rica	64	101	397,426	407,338	62,446	5,799	—
El Salvador	22	29	102,454	173,574	9,824	2,949	378
Guatemala	98	66	584,010	409,488	49,448	10,886	16
Honduras	29	69	409,111	470,762	23,480	13,233	—
Nicaragua	196	509	18,889,886	20,833,290	1,294,847	6,614	1,468
Caribbean countries, total	231	471	6,904,915	2,080,590	532,915	87,264	135,752
Cayman Islands (British)	158	285	6,026,613	1,597,675	405,657	75,955	116,218
Dominican Republic	30	52	386,700	161,470	72,826	13,165	—
Jamaica	40	57	81,582	74,006	6,763	3,942	—
South America, total	440	2,247	29,776,529	32,003,337	2,417,584	1,050,442	969,684
Argentina	165	303	4,189,898	4,616,407	25,490	21,811	2,544
Brazil	19	23	30,484	36,448	—	445	—
Chile	371	993	17,775,652	18,493,699	1,851,911	720,788	589,256
Colombia	92	140	1,267,543	1,335,081	127,676	79,930	47,079
Ecuador	88	134	1,887,114	3,388,575	210,220	91,841	72,953
Peru	48	68	355,166	299,038	50,432	8,217	—
Uruguay	80	123	474,454	693,400	38,060	18,726	—
Venezuela	577	377	3,524,672	2,784,877	138,460	101,857	10,657
Other Western Hemisphere, total	581	1,610	96,838,424	40,798,282	3,269,817	356,837	920,398
Bahamas	97	234	7,949,971	15,390,781	—	58,209	—
Bermuda	390	775	22,346,552	17,080,532	1,131,276	425,125	504,636
Netherlands Antilles	363	578	60,116,451	7,624,978	226,851	205,788	352,717
Europe, total	771	12,353	252,554,023	309,494,781	22,836,528	10,104,525	8,280,034
Common Market countries, total	753	9,961	213,118,312	261,451,172	19,915,540	9,205,619	7,537,182
Belgium	303	594	12,396,043	18,733,221	511,641	239,985	65,545
Denmark	134	208	1,776,780	3,102,316	124,194	61,851	37,273
France (including Andorra)	396	1,207	19,699,601	34,520,834	1,552,693	793,273	39,626
Germany	69	81	976,341	963,942	8,608	7,294	—
Greece	121	780	3,949,672	3,399,273	474,026	113,861	19,872
Ireland	372	341	17,896,156	23,969,229	1,543,138	389,156	9,457
Italy (including San Marino)	121	77	3,690,504	885,624	84,096	31,256	—
Luxembourg	55	349	1,071,251	2,551,110	1,347,828	296,296	172,025
Netherlands	634	4,135	83,826,123	96,419,493	11,507,602	5,770,686	4,802,692
United Kingdom	425	1,455	43,967,625	59,556,385	2,761,622	1,301,009	1,088,055
West Germany	458	2,376	35,418,616	48,026,567	3,016,245	895,611	742,852
Other West European countries, total	188	267	2,501,320	3,309,232	183,185	60,087	16,635
Austria	89	100	986,685	1,485,917	103,054	45,658	35,600
Finland	126	32	329,939	282,550	2,562	21,818	—
Liechtenstein	80	106	555,089	1,106,274	74,842	25,907	10,497
Norway	245	502	8,766,051	7,426,418	347,978	181,625	158,859
Portugal	192	350	2,637,453	4,750,250	308,537	157,447	75,568
Spain	335	781	21,732,084	26,415,104	1,687,732	310,773	339,130
Sweden	15	21	138,820	463,313	26,876	11,045	3,823
Switzerland	8	15	16,894	7,023	4,754	3,294	—
East European countries, total	301	1,328	15,190,943	14,962,139	1,049,382	991,805	667,272
Egypt	17	17	186,401	356,861	29,823	7,653	948
Kenya	38	52	278,365	401,575	61,448	26,845	21,797
Libya	86	291	6,322,948	2,165,305	252,578	10,303	349,185
Morocco	16	19	113,550	81,402	6,328	3,496	—
Nigeria	50	67	2,727,744	2,177,045	633,708	33,559	2,563
South Africa (including Namibia)	212	582	4,166,745	7,083,869	320,494	271,906	214,017
Zaire	17	21	116,202	153,026	22,879	10,113	2,955
Zimbabwe	38	55	140,805	171,238	30,480	16,776	10,002
Asia, total	805	2,381	39,489,839	45,084,714	3,718,107	1,399,370	1,512,097
China	24	29	391,976	1,162,254	72,780	15,800	13,120
Hong Kong	282	597	12,223,191	6,772,075	704,134	348,765	109,234
India	23	34	402,724	584,546	82,703	10,143	2,271
Indonesia	30	63	435,877	460,359	87,990	51,021	5,884
Israel	32	56	1,228,677	322,576	19,474	534,721	68,569
Japan	260	499	12,455,704	19,243,616	1,507,235	831,498	130
Malaysia	112	170	1,515,836	3,059,592	235,710	72,612	698
Philippines	93	138	1,541,417	2,119,186	65,959	101,043	151
Saudi Arabia	25	29	1,043,870	1,402,810	126,013	15,226	32,554
Singapore	226	364	4,422,246	4,550,530	355,822	54,169	269,236
South Korea	36	43	508,225	525,315	59,068	17,532	20,568
Taiwan	85	120	1,400,373	1,846,838	184,247	27,521	45,305
Thailand	85	117	1,191,502	1,915,502	86,076	29,191	562,891
Oceania, total	409	1,709	24,793,848	22,724,806	1,388,828	612,643	73,626
Australia	394	1,389	23,327,255	20,499,758	1,257,209	547,202	73,520
New Zealand	15	20	1,466,593	2,225,048	124,438	64,878	26,432
Puerto Rico and U.S. Possessions, total	162	378	6,438,158	5,652,425	178,306	62,459	34,382
Puerto Rico	117	290	4,766,749	4,316,203	50,164	10,129	11,221
U.S. possessions, total	65	86	1,671,409	4,336,222	36,199	12,294	755
Virgin Islands U.S.	49	62	1,653,731	4,315,976	33,958	11,891	8,620

Footnote at end of table

Table 2.—Number of U. S. Corporation Returns with Total Assets of \$250 Million or More: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, and Selected Transactions of Their Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation—Continued

(Money amounts are in thousands of dollars)

Selected country of incorporation of Controlled Foreign Corporation	Controlled Foreign Corporations									
	Selected receipts by foreign corporations from:									
	All related persons	U.S. corporation filing returns and domestic corporation controlled by the U.S. corporation filing the return					Any foreign corporation controlled by the U.S. corporation filing the return			
		Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	Total
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
All geographic areas, total	83,628,175	68,589,582	54,859,829	4,208,307	7,207,332	14,648,044	873,549	3,718,226	3,734,862	
Canada	25,050,722	22,574,438	22,004,788	325,162	131,752	2,427,370	130,267	270,330	292,231	
Latin America, total	68,071,722	68,071,722	68,071,722	68,071,722	68,071,722	68,071,722	68,071,722	68,071,722	68,071,722	
Mexico	327	835	9,422,497	11,637,194	824,093	552,997	13,212	—	—	
Central America, total	841	20,439,675	22,350,601	1,389,665	278,266	687,999	394,037	—	—	
Costa Rica	64	101	397,426	407,338	62,446	5,799	—	—	—	
El Salvador	22	29	102,454	173,574	9,824	2,949	378	—	—	
Guatemala	98	66	584,010	409,488	49,448	10,886	16	—	—	
Honduras	29	69	409,111	470,762	23,480	13,233	—	—	—	
Nicaragua	196	509	18,889,886	20,833,290	1,294,847	6,614	1,468	—	—	
Caribbean countries, total	231	471	6,904,915	2,080,590	532,915	87,264	135,752	—	—	
Cayman Islands (British)	158	285	6,026,613	1,597,675	405,657	75,955	116,218	—	—	
Dominican Republic	30	52	386,700	161,470	72,826	13,165	—	—	—	
Jamaica	40	57	81,582	74,006	6,763	3,942	—	—	—	
South America, total	440	2,247	29,776,529	32,003,337	2,417,584	1,050,442	969,684	60,823	—	
Argentina	165	303	4,189,898	4,616,407	25,490	21,811	2,544	—	—	
Brazil	19	23	30,484	36,448	—	445	—	—	—	
Chile	371	993	17,775,652	18,493,699	1,851,911	720,788	589,256	47,079	—	
Colombia	92	140	1,267,543	1,335,081	127,676	79,930	47,079	—	—	
Ecuador	88	134	1,887,114	3,388,575	210,220	91,841	72,953	333	—	
Peru	48	68	355,166	299,038	50,432	8,217	—	—	—	
Uruguay	80	123	474,454	693,400	38,060	18,726	—	—	—	
Venezuela	577	377	3,524,672	2,784,877	138,460	101,857	10,657	—	—	
Other Western Hemisphere, total	581	1,610	96,838,424	40,798,282	3,269,817	356,837	920,398	2,090,179	2,090,179	
Bahamas	97	234	7,949,971	15,390,781	—	58,209	—	—	—	
Bermuda	390	775	22,346,552	17,080,532	1,131,276	425,125	504,636	—	—	
Netherlands Antilles	363	578	60,116,451	7,624,978	226,851	205,788	352,717	—	—	
Europe, total	771	12,353	252,554,023	309,494,781	22,836,528	10,104,525	8,280,034	2,090,179	2,090,179	
Common Market countries, total	753	9,961	213,118,312	261,451,172	19,915,540	9,205,619	7,537,182	507,363	—	
Belgium	303	594	12,396,043	18,733,221	511,641	210,511	286,130	—	—	
Denmark	1,111,422	627,969	429,784	82,582	—	—	—	—	—	
France (including Andorra)	68,351	32,476	20,311	2,221	229	35,875	—	—	—	
Germany	2,060,340	1,181,284	735,075	394,271	90,533	77,121	37,068	478,491	238,731	
Greece	10,712	8,273	1,554	—	—	—	—	—	—	
Ireland	450,799	324,850	307,578	4,861	10,636	125,489	1,537	14,190	28,016	
Italy (including San Marino)	472,051	363,966	75,935	9,052	427,510	94,515	233,474	50,481	—	
Luxembourg	313,264	237,674	63,328	63,328	498,163	501,7	30,284	39,364	—	
Netherlands	1,405,498	953,806	562,487	93,968	248,000	496,3	—	—	—	
United Kingdom	1,011,055	7,222,337	5,781,364	656,684	653,514	3,741,003	14,552	26,658	207,903	
Spain	2,688,727	1,883,853	1,040,041	151,001	1,732	1,234,433	699,504	23,767	—	
West Germany	3,689,241	2,445,879	1,860,972	135,071	81,732	3,889	435,450	134,375	—	
Other Western European countries, total	12,353	11,552	21,448	3,800	3,800	13,091	29,041	268,213	268,213	
Austria	65,976	39,397	1,359	3,672	3,999	97,487	27,441	14,101	3,347	
Finland	23,020	675	60	—	227	34,044	—	—	—	
Luxembourg	138,813	96,619	2,061	—	42,389	—	—	—	—	
Norway	12,170	1,285	1,254	—	3,459	255	1,286	3,850	5,814	
Portugal	287,042	198,917	23,726	—	67,720	6,065	24,618	39,404	—	
Sweden	160,481	92,723	53,457	—	71,152	881,966	17,897	20,160	—	
Switzerland	2,861,246	1,961,318	1,540,750	298,328	13,718	891,966	20,376	20,160	—	
Turkey	11,574	1,537	25	—	5	2,267	—	—	—	
East European countries, total	8,320	7,561	6,204	621	5	759	2	2,820	72	
Africa, total	1,413,462	1,166,040	850,677	337,263	171,311	247,047	221	60,712	116,457	
Egypt	2,803	305	—	68	182	2,429	143	2,345	—	
Kenya	51,769	45,876	44,735	168	974	5,893	801	969	—	
Morocco	853,504	686,135	211,808	308,656	165,644	167,341	33,970	96,483	—	
Nigeria	57	21	—	—	—	—	—	—	—	
South Africa	317,621	310,599	302,600	7,397	512	7,021	33	23	—	
Zaire	164,354	110,577	82,125	21,761	2,016	53,433	221	16,424	11,236	
Zimbabwe	632	346	—	—	346	266	—	187	99	
Asia, total	4,853	19	19	19	4,834	19	209	1,708	1,708	
Oceania, total	7,448,413	6,652,421	5,699,000	645,806	127,445	744,065	243,839	167,443	135,910	
China	178,822	175,889	170,144	8,545	—	—	—	—	—	
India	1,122,170	175,889	170,144	8,545	—	—	—	—	—	
Indonesia	8,276	7,868	7,425	33,347	111,772	248,861	5,748	24,248	68,365	
Israel	32,859	31,360	29,701	—	—	—	—	—	—	
Japan	81,979	59,840	55,702	—	1,585	1,500	1,305	7	32	
Saudi Arabia	1,189,097	1,088,989	23,472	6,034	574	4,964	—	620	2,847	
Philippines	37,129	212,639	1,174,592	26,622	6,561	99,331	7,857	21,428	43,169	
Singapore	325,640	338,956	300,628	35,507	1,384	157,652	114,672	39,619	1,586	
Bangkok	20,665	20,665	—	20,665	1,384	16,675	8	11,653	83	
Taiwan	1,943,220	1,791,759	1,680,920	104,314	2,362	111,843	—	33,748	95	
Thailand	224,901	221,730	158,484	54,283	210	3,171	62,807	25,907	15,530	
Oceania, total	686,984	686,984	686,984	686,984	686,984	686,984	686,984	686,984	686,984	
Australia	151,582	140,056	108,376	3,567	418	48,376	43,064	1,835	1,617	
New Zealand	1,245,552	781,914	262,186	109,841	1,623	11,527	8,292	1,710	1,531	
Pacific Islands and U.S. Possessions, total	1,185,284	743,330	226,826	199,621	132,641	453,418	26,476	183,883	96,438	
Virgin Islands	36,172	16,012	12,789	2,220	748	20,159	1,195	181,071	91,483	
U.S. possessions, total	3,410,982	3,396,112	3,264,289	85,663	20,348	12,870	8	4,735	6,483	
U.S. possessions, total	148,273	135,268	122,682	85,663	10,532	12,765	8	1,030	6,584	
Virgin Islands, U.S.	3,262,709	3,262,604	3,241,587	—	—	—	—	—	—	
Other U.S. possessions	3,262,465	3,262,360	3,241,382	—	—	—	—	—	—	
Not at end of table										

Table 2.—Number of U. S. Corporation Returns with Total Assets of \$250 Million or More: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, and Selected Transactions of Their Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation—Continued

[Money amounts are in thousands of dollars]

Selected country of incorporation of Controlled Foreign Corporation	Controlled Foreign Corporations									
	Selected payments by foreign corporations to:									
	U.S. corporation filing return and domestic corporations controlled by the U.S. corporation filing the return					Any foreign corporations controlled by the U.S. corporation filing the return				
	All related persons	Total	Purchases of stock in trade	Compensation paid for certain services	Dividends paid	Interest, rents and royalties paid	Total	Purchases of stock in trade	Compensation paid for certain services	Dividends paid
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
All geographic areas total	112,600,816	96,424,708	71,095,809	4,137,395	11,783,824	7,965,640	14,966,599	757,373	4,013,396	5,203,748
Canada	27,183,986	24,461,216	20,367,519	1,008,388	1,910,873	865,190	2,586,868	33,162	366,131	1,517,059
Latin America, total	9,763,522	8,509,502	5,531,804	280,633	1,617,542	886,853	1,241,287	248,428	122,558	231,054
Mexico	1,839,365	1,644,023	1,179,723	71,560	107,205	239,943	194,586	87,987	10,803	46,899
Costa Rica	4,268,904	3,983,370	2,844,627	101,560	608,204	289,362	404,051	145,970	46,629	71,774
Central America, total	19,980	17,622	5,352	2,090	4,691	4,224	2,359	—	865	6,397
El Salvador	12,676	4,939	1,198	1,041	2,304	7,937	—	—	211	281
Guatemala	35,925	33,591	11,952	15,059	2,680	1,425	—	—	552	16
Honduras	10,913	9,624	2,102	556	1,122	1,639	—	—	265	—
Nicaragua	4,541	4,286	424	1,276	1,292	307	—	—	43,914	64,040
Panama	4,184,905	3,792,544	2,823,600	94,133	579,190	290,115	390,796	145,970	14,297	6,747
Caribbean countries, total	727,711	682,249	425,504	43,584	74,580	113,155	27,989	—	14,297	6,747
Cayman Islands (British)	666,615	613,273	383,701	42,382	67,190	109,884	24,870	—	14,297	6,747
Dominican Republic	5,886	5,030	834	361	2,721	1,716	—	—	—	—
Jamaica	9,480	377,847	204,374	23,221	78,231	50,555	32,542	—	—	—
South America, total	2,547,152	2,332,859	1,081,860	43,928	627,553	244,423	614,660	14,471	50,933	105,635
Argentina	410,389	377,847	204,374	23,221	78,231	50,555	32,542	—	—	—
Bolivia	721	714	596	—	—	—	—	—	—	—
Brazil	1,669,990	1,245,300	500,995	1,973	535,577	144,287	424,667	9,229	21,846	50,337
Chile	175,813	117,242	43,739	3,832	52,745	12,887	58,571	403	3,317	4,033
Colombia	174,433	151,130	53,321	7,146	67,127	13,555	23,203	658	3,317	4,033
Ecuador	23,148	22,140	9,826	1,710	7,746	1,053	1,008	136	74	299
Peru	84,515	82,036	61,055	2,392	13,178	3,679	2,579	188	1,240	33
Venezuela	17,222	16,868	8,531	799	5,856	1,600	254	233	—	—
Uruguay	389,111	317,483	199,705	2,813	65,864	16,158	71,628	1,676	11,804	28,748
Other Western Hemisphere, total	5,136,377	4,094,470	2,581,780	70,384	646,732	564,511	1,017,249	31,548	60,856	268,230
Bahamas	1,884,852	1,479,333	1,244,243	39,216	109,264	65,394	393,364	29,601	24,904	30,924
Bermuda	1,897,988	1,606,566	1,036,728	21,358	292,068	39,495	279,893	1,947	22,016	131,795
Netherlands Antilles	1,350,109	1,007,956	310,809	9,248	245,400	430,571	341,059	—	13,803	102,811
Europe, total	51,798,299	42,620,724	30,687,930	1,765,110	5,546,482	4,216,413	6,216,411	283,842	2,886,335	2,645,747
Common Market countries, total	45,186,434	37,013,141	26,544,566	1,453,742	4,999,608	3,624,492	5,249,433	195,433	2,435,966	2,457,384
Belgium	3,686,235	3,129,027	2,551,854	84,010	203,184	267,392	549,070	52,419	346,419	14,605
Denmark	964,403	915,809	816,962	16,328	33,525	46,198	49,784	1,184	27,046	3,594
France (including Andorra)	4,712,553	3,975,903	2,847,986	159,197	403,242	510,887	728,268	51,308	444,125	90,054
Germany	460,440	381,775	26,825	1,240	7,707	2,555	2,665	468	1,164	154
Greece	586,244	586,677	290,353	18,601	40,957	30,363	196,987	754	32,549	92,896
Ireland	2,833,282	2,560,627	1,890,071	82,637	308,157	259,530	273,257	24,528	117,367	40,106
Italy (including San Marino)	298,598	241,406	154,643	17,819	30,199	33,019	56,792	361	36,737	1,057
Luxembourg	3,302,443	2,256,440	1,171,061	262,480	573,677	771,201	6,684	144,719	319,262	451,910
Netherlands	13,880,322	10,571,223	5,882,983	513,551	2,901,239	1,155,472	3,262,471	27,949	626,713	1,873,887
United Kingdom	13,232,245	11,891,651	9,827,549	429,489	810,440	745,488	1,329,003	26,756	659,126	241,659
West Germany	6,629,757	5,605,783	4,122,510	270,348	545,656	591,889	997,596	88,409	450,254	188,364
Other West European countries, total	3,320,505	283,676	150,780	11,348	49,366	70,857	46,632	3,270	17,223	10,391
Austria	120,005	105,156	29,247	2,981	34,239	38,466	14,814	589	5,979	9,658
Finland	618,490	580,581	498,197	18,030	26,379	34,175	37,909	3,026	13,515	2,007
Liechtenstein	128,359	118,474	86,392	3,197	7,923	17,811	9,885	1,455	4,117	2,051
Norway	784,159	617,741	300,292	43,639	130,573	117,383	185,782	7,487	95,411	21,055
Portugal	804,166	696,722	491,586	27,889	36,734	120,586	107,445	10,938	30,545	36,801
Spain	3,739,856	3,121,596	2,512,091	162,048	234,374	188,316	592,952	61,644	265,072	104,034
Sweden	14,484	13,775	8,019	524	2,319	2,214	709	—	—	—
Switzerland	2,108	1,800	747	1,021	—	—	308	—	115	—
East European countries, total	1,985,182	1,885,812	572,877	368,538	556,320	93,288	298,948	5,890	64,521	81,336
Africa, total	62,731	46,983	35,874	649	10,161	292	5,749	664	490	2,535
Egypt	108,486	100,437	84,751	619	13,305	1,753	8,040	—	34,507	6,635
Kenya	909,259	733,847	300	330,504	317,634	23,476	175,412	—	—	—
Liberia	3,177	2,409	706	421	431	74	768	—	1,270	372
Morocco	64,815	58,768	21,035	7,622	28,714	360	6,047	—	25,467	35,868
Nigeria	705,295	614,022	342,820	26,556	171,409	63,830	90,892	5,226	25,467	35,868
South Africa	10,512	9,760	6,512	461	1,725	121	753	—	54	599
Zaire	13,501	8,483	4,053	91	4,233	106	5,018	—	2,303	2,501
Zimbabwe	11,185,551	10,568,115	7,771,891	508,544	1,193,776	928,831	566,719	96,193	117,338	197,094
Asia, total	35,887	29,476	12,765	7,155	7,634	630	5,129	19,467	108,316	55,722
China	1,712,401	1,504,515	983,358	24,123	197,918	290,021	201,930	9,983	1,404	569
Hong Kong	23,936	21,400	13,438	1,127	5,745	253	2,536	1,022	805	279
India	59,317	54,501	21,782	2,980	19,995	4,373	4,817	—	1,541	584
Indonesia	72,195	66,843	15,152	3,371	4,927	41,204	5,353	—	1,541	584
Israel	3,209,579	3,064,927	1,982,154	117,978	503,876	430,427	103,330	12,319	27,552	14,332
Japan	1,262,026	1,214,896	1,121,778	8,975	45,492	9,058	47,014	824	1,547	4,544
Malaysia	837,051	793,031	470,308	7,187	7,268	22,053	44,019	34,514	3,683	22,294
Philippines	398,740	371,557	14,992	272,145	41,585	42,438	27,183	—	17,945	2,657
Saudi Arabia	2,003,243	1,626,595	26,939	265,391	45,605	38,646	1,338	—	1,651	89
Singapore	192,052	190,312	121,579	18,928	20,384	12,058	1,740	—	1,915	12,728
South Korea	295,350	271,593	217,919	5,833	30,637	1,240	23,765	7,719	3,795	25,501
Taiwan	978	826,362	875,787	9,188	32,805	15,033	37,474	23,248	1,395	254,501
Thailand	4,172,368	3,147,369	2,381,477	122,639	274,442	349,728	1,021,284	57,706	393,069	243,232
Oceania, total	3,758,766	2,806,167	2,093,859	113,408	252,369	329,087	948,884	17,010	5,335	8,265
Australia	372,114	300,464	253,958	7,672	17,840	85,796	18,033	603	2,487	6,897
New Zealand	1,355,532	1,337,501	1,210,731	33,182	26,876	26,876	18,338	603	2,487	6,897
Puerto Rico and U.S. Possessions, total	357,868	340,794	254,044	25,573	41,724	17,092	940	67	25	—
Puerto Rico	357,868	340,794	254,044	25,573	41,724	17,092	940	67	25	—
U.S. possessions, total	987,640	956,706	956,687	14,844	1,104	24,072	940	—	—	—
Virgin Islands, U.S.	985,215	984,339	944,681	14,831	755	24,072	940	—	—	—

¹ Less than \$500.

Controlled Foreign Corporations, 1986

By Margaret P. Lewis*

For 1986, the 7,500 largest foreign corporations (controlled foreign corporations or CFC's) controlled by large U.S. multinational firms held \$740 billion in assets and generated business receipts and net after tax profits of \$590 billion and \$38 billion, respectively [1].

These CFC's were incorporated in over 100 different countries. However, twenty countries accounted for 82 percent of the 7,500 CFC's. See Figure A. Almost one-half of the 7,500 CFC's were incorporated in Europe. Only 13 percent were incorporated in Latin America.

Figure A.—Distribution of 7,500 Largest CFC's, by Selected Country of Incorporation, 1986

[Money amounts are in billions of dollars]

Selected country of incorporation	Number of CFC's	Business receipts
All countries	7,500	\$590
United Kingdom	1,056	97
Canada	840	103
West Germany	512	69
France	447	41
Netherlands	336	24
Australia	332	27
Bermuda	321	10
Brazil	279	21
Netherlands Antilles	250	7
Switzerland	225	22
Belgium	205	15
Japan	195	28
Spain	177	11
Panama	156	7
Mexico	150	7
Hong Kong	145	6
Liberia	89	5
South Africa	88	5
Ireland	81	3

taxes. Although manufacturing CFC's held only 36 percent of all assets, they generated 61 percent of business receipts and 53 percent of net earnings and profits after taxes.

This article is based on the 7,500 largest CFC's (as determined by asset size) owned by U.S. multinational corporations having \$500 million or more in assets [2]. Previous CFC statistics were based on all CFC's controlled by the large multinationals but it is estimated that these 7,500

which to operate. After World War II, U.S. corporations were encouraged politically, through programs like the Marshall Plan, and economically, through various concessions by foreign countries, to expand their operations overseas. The Marshall Plan provided economic aid to countries recovering from the impact of World War II. The Plan also encouraged U.S. businesses to participate in the economic recovery of Europe. Many foreign countries, in an attempt to attract U.S. operations and dollars, offered very favorable investment climates including low taxes, ease of incorporation, and various other concessions [4].

U.S. corporations began their move overseas, usually by establishing a foreign market for exported goods and through foreign investment. Once these were established, the U.S. corporation might form a branch operation by establishing a place of business in the foreign country or by creating or purchasing a subsidiary incorporated in the foreign country.

Public Law 86-780 was enacted in 1960 to obtain information on the foreign subsidiaries of U.S. corporations. This law required a U.S. corporation to furnish, as part of its income tax return, information on any foreign corporation it directly controlled (i.e., "tier-one" subsidiaries) and on any foreign corporations controlled by these directly controlled foreign corporations (i.e., "tier-two" subsidiaries). Control was defined as direct or indirect ownership of more than 50 percent of the combined voting power of all classes of stock, or more than 50 percent of the total value of all shares of stock by a single shareholder during the foreign corporation's taxable year.

These foreign activities of U.S. corporations were precipitated by many factors. Some companies went overseas to move their operations closer to resources, others looked for cheaper labor and other costs, and many were attracted by favorable tax considerations and investment incentives. Still others moved to be closer to their market. Since the unrepatriated earnings and profits of a foreign subsidiary were not subject to U.S. income tax, where the foreign taxes were lower than U.S. taxes, this was an impelling reason for U.S. corporations to form overseas subsidiaries that enjoyed legal status as a resident corporation in the foreign country. The earnings and profits of the CFC were protected from U.S. taxation until they were repatriated in the form of dividends to the U.S. parent. U.S. taxes could be avoided by delaying a distribution until such a time as it could be offset by a parent corporation's losses or excess foreign tax credits. U.S. taxes could also be lowered on repatriated earnings, for

example, through an ordinary taxable liquidation, sale, or exchange of assets of the CFC. In this case, the U.S. parent company would pay tax at the lower capital gains rate [5].

The Revenue Act of 1962 reduced this tax deferral by requiring the current taxation of certain unrepatriated profits of a foreign subsidiary through the addition of Subpart F to the Internal Revenue Code. The types of income that were then currently taxable by the United States were referred to as "Subpart F income" and included income from the insurance of U.S. risks, "passive" types of income in general, and income derived from certain types of sales and services [6]. In addition, the 1962 legislation restricted the conversion of tax-deferred accumulated earnings and profits into capital gains, thus preventing regular income from being taxed at the lower capital gains rate.

The 1962 Act also redefined the term Controlled Foreign Corporation. In general, after the act, a foreign corporation was considered controlled if more than 50 percent of the voting stock of the foreign corporation was owned by U.S. shareholders for 30 days or more of the foreign corporation's taxable year and a U.S. shareholder was defined as a U.S. person who had at least a 10 percent interest. All such foreign corporations' undistributed earnings and profits, to the extent such earnings and profits represented Subpart F income (see the "Explanation of Selected Terms" section at the end of this article), were subject to taxation through their U.S. shareholders. The 1962 legislation also expanded the filing requirements for CFC's to include all lower-tier foreign corporations controlled, through other foreign subsidiaries, by a U.S. corporation [7].

The Tax Reduction Act of 1975 expanded the definition of Subpart F income. An exception permitting tax deferral of a portion of Subpart F income reinvested in tax-defined "less-developed countries" was repealed for CFC's with accounting periods beginning in 1976 and thereafter. Also, before the 1975 Act, income was not treated as Subpart F if it accounted for 30 percent or less of a CFC's gross income. This percentage was reduced to 10 percent, limiting the amount of income that could avoid treatment under Subpart F. Finally, some types of shipping income received by foreign subsidiaries of U.S. corporations, which were previously excluded from Subpart F income, were now included. As a result of these and other actions, the tax deferral privileges of CFC's were reduced, but not entirely eliminated.

Several amendments to the Internal Revenue Code redefined Subpart F income [8]. For a full explanation of Subpart F, see "Explanation of Selected Terms."

CFC ACTIVITY BY COUNTRY OF INCORPORATION

For both 1984 and 1986, more than one-half of the large CFC's were incorporated in Europe and Canada [9]. The United Kingdom, West Germany and Canada were homes to almost one-third of the 7,500 CFC's. These same CFC's generated 46 percent of all business receipts, held 44 percent of assets, and paid 50 percent of foreign income taxes.

One-half of all Canadian CFC's were manufacturers and held 45 percent of assets, generated 74 percent of business receipts, and 67 percent of earnings and profits before taxes. West German CFC's tended to be manufacturers also. Manufacturing CFC's in West Germany held 56 percent of assets, and generated 73 percent of receipts and 75 percent of earnings and profits before taxes.

In the United Kingdom, percentages for manufacturing CFC's were somewhat lower than in Canada and West Germany. Manufacturing CFC's in the United Kingdom held 28 percent of assets, and earned 61 percent of receipts and 38 percent of earnings and profits before taxes.

In countries outside of Europe and Canada, where large numbers of CFC's were incorporated, manufacturing CFC's were less common. In Bermuda and the Netherlands Antilles, finance, insurance and real estate CFC's dominated. Finance-related CFC's accounted for 79 and 93 percent of all CFC's in Bermuda and the Netherlands Antilles, respectively.

In African countries there was a more even distribution of CFC's and their business activities among various industries than in other areas. Manufacturing CFC's accounted for 32 percent, transportation for 22 percent and wholesale and retail trade accounted for another 23 percent of African CFC's.

The 5,850 CFC's reporting profits paid \$19 billion of foreign income tax on \$63 billion of pre-tax earnings and profits resulting in an effective tax rate of 31 percent. The rate for a given country may have varied from the statutory tax rate because: (1) certain earnings and profits, and the associated foreign taxes paid, were applicable to income

from operations in countries other than the country in which the CFC was incorporated; (2) earnings and profits were computed according to U.S. tax law and do not necessarily equal the tax base upon which the foreign tax was imposed; (3) many countries taxed various types of income at different rates; and (4) many countries had progressive tax rates.

As shown in Figure C, Other Western Hemisphere countries had the lowest effective tax rate (8 percent) [10]. These countries had a high proportion of finance, insurance and real estate CFC's which, as an industrial group, had the lowest effective tax rate, 14 percent, for all countries. These rates are low because U.S. corporations tend to establish financial CFC's in favorable tax climates such as the Cayman Islands, Bermuda, Netherlands Antilles and others. Other countries with low effective tax rates were Saudi Arabia (1 percent), Liberia (2 percent), Ireland (4 percent), Singapore (5 percent), Panama (7 percent), and Switzerland (12 percent).

Figure C.--Effective Tax Rates of 7,500 Largest CFC's, by Country of Incorporation, 1986

[Money amounts are in millions of dollars]

Country or geographic area	Earnings and profits before taxes	Foreign income taxes	Effective tax rate
	(1)	(2)	(3)
All geographic areas.....	\$62,967	\$19,229	31%
Canada.....	9,296	3,470	37
Latin America.....	6,372	1,389	22
Brazil.....	2,911	656	29
Panama.....	1,550	105	7
Other Western Hemisphere.....	4,140	338	8
Bermuda.....	1,737	58	3
Netherlands Antilles.....	1,751	158	9
Europe.....	33,066	10,751	33
France.....	2,967	1,185	40
Ireland.....	555	24	4
Italy.....	2,942	1,055	36
Netherlands.....	2,692	435	16
Switzerland.....	2,391	281	12
United Kingdom.....	10,865	3,564	33
West Germany.....	5,851	2,647	45
Africa.....	1,394	361	26
Liberia.....	337	6	2
South Africa.....	357	96	27
Asia.....	6,331	2,245	35
Hong Kong.....	1,038	150	14
Japan.....	2,947	1,492	51
Saudi Arabia.....	19	*	1
Singapore.....	786	38	5
Oceania.....	1,856	563	30
Australia.....	1,689	498	29

*Less than \$500,000.

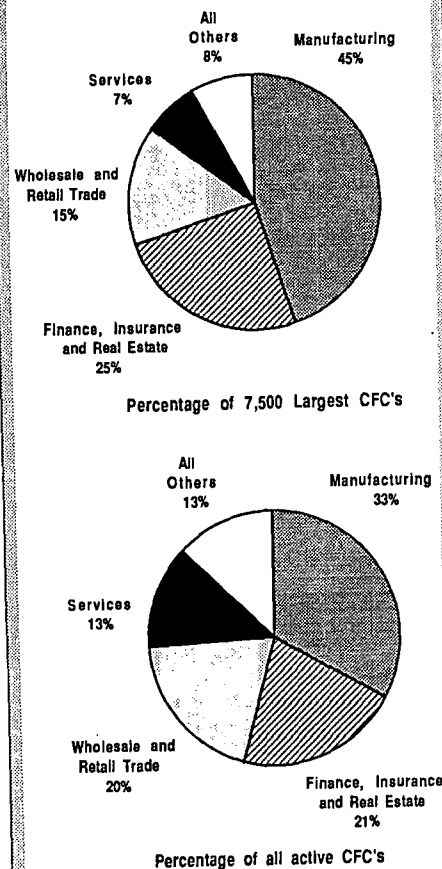
CFC ACTIVITY BY INDUSTRY

Larger CFC's were more likely to be involved in

manufacturing or financial activities than were smaller CFC's. For 1986, 45 percent of the 7,500 CFC's reported manufacturing as their main activity and 25 percent were primarily engaged in finance, insurance or real estate activities. See Figure D.

Figure D

Industrial Activity of All and 7,500 Largest CFC's, 1986



Since the 7,500 largest CFC's are defined based on asset size it is consistent that the majority of the CFC's are involved in business activities that historically require larger assets. Manufacturing and finance CFC's held 80 percent of all assets of the 7,500 largest CFC's in 1986 while in 1984 CFC's in these two industrial divisions held 75 percent of assets of all CFC's controlled by large U.S. multinational corporations.

Although manufacturing and finance CFC's held a majority of the 7,500 CFC's assets, they were, on average, not the most profitable CFC's. Profitability of CFC's (as measured by rate of return on assets) averaged 7.6 percent for 1986 [11]. The most profitable CFC's were involved in mining activities and had a return on assets of 13.3 percent. The least profitable CFC's were in finance, insurance and real estate with only a 2.9 percent return. These rankings are consistent with data from 1984 for all CFC's.

The rates of return on assets for large U.S. corporations varied greatly from those of large CFC's as illustrated in Figure E. Large U.S. multinational corporations that controlled the 7,500 CFC's had only a 1.7 percent combined return on assets. The most profitable U.S. corporations were those whose major business activity was agriculture, forestry and fishing, with a return on assets of 9.5 percent. CFC's involved in agriculture, forestry and fishing have become almost as profitable as their U.S. counterparts after experiencing large losses in 1982 and small profits in 1984. The large losses were incurred by Liberian CFC's operating rubber plantations to supply the motor vehicle industry. These CFC's are no longer operational or are relatively small and so are not included among the 7,500 CFC's. Thus, the CFC's in agriculture, forestry and fishing industries have become more profitable.

Asian countries appear to be profitable arenas for operation as seen in Figure F. CFC's in Japan and Singapore had an average return of 14.1 and 11.3 percent respectively. These countries have a high concentration of manufacturing CFC's which are generally more profitable than average. Certain Western Hemisphere countries, such as the Netherlands Antilles, had a lower than average rate of return due mainly to the high percentage of financial CFC's located there.

CFC'S AND THE MERCHANDISE TRADE BALANCE

Transactions between the 7,500 CFC's and their U.S. parent groups (the U.S. corporation and its domestic

Figure E.--Relative Return on Assets of Large U.S. Multinational Corporations and Their CFC's, by Selected Industry, 1986 1/

Selected Industry	Return on assets 2/	
	U.S. corporations	CFC's
All industries 3/	1.7%	7.6%
Agriculture, forestry and fishing	9.5	8.1
Mining	-0.9	13.2
Metal mining	-0.8	8.1
Oil and gas extraction	-1.5	13.9
Construction	-0.9	8.4
Manufacturing	3.2	11.9
Food and kindred products	3.4	15.3
Apparel and other textile products	1.6	10.2
Paper and allied products	5.0	11.4
Printing and publishing	11.2	13.6
Chemicals and allied products	6.5	13.5
Petroleum (including integrated) and coal products	2.3	13.5
Rubber and miscellaneous plastic products	3.2	7.9
Stone, clay and glass products	6.6	11.5
Primary metal industries	0.3	-2.6
Fabricated metal products	2.9	9.9
Machinery, except electrical	4.1	16.7
Electrical and electronic equipment	3.1	10.1
Motor vehicles and equipment	1.5	6.3
Instruments and related products	0.8	9.4
Transportation and public utilities	1.5	6.1
Water transportation	-8.0	3.1
Wholesale and retail trade	2.4	11.4
Finance, insurance and real estate	0.7	2.9
Banking	0.4	1.3
Credit agencies other than banks	0.5	2.2
Insurance	1.4	3.7
Real estate	1.8	2.7
Holding and other investment companies except bank holding companies	-0.4	5.6
Services	1.8	6.6

1/ U.S. parent corporations and CFC's were separately classified by the industry that generated the greatest portion of their total receipts.

2/ The CFC return on assets is the ratio of pre-tax earnings and profits to total assets. The U.S. return on assets is the ratio of net income (less deficit) before tax to total assets. See also footnote 11 at the end of this article.

3/ Includes CFC's whose nature of business was not allocable by industry.

affiliates) resulted in a net surplus of \$14 billion for 1986, as shown in Figure G. CFC purchases of stock in trade (i.e., purchases of merchandise in the ordinary course of business) totalled \$61 billion while sales of stock in trade to the U.S. parent groups was \$47 billion. In contrast, the U.S. merchandise trade deficit (imports in excess of exports) was \$153 billion [12].

As the U.S. merchandise trade deficit with Japan grew to \$55 billion, U.S. parent groups still reported a \$1 billion trade surplus with their large Japanese CFC's. Large trade surpluses were reported by U.S. parent groups and their CFC's in Europe while large deficits between U.S. parent groups and their CFC's were reported with Other Western Hemisphere nations, namely Bermuda. The U.S. parent groups traded with their CFC's in this latter region

Figure F.--Relative Return on Assets of 7,500 Largest CFC's, by Selected Country of Incorporation, 1986

Selected country of incorporation	Return on assets 1/
U.S. corporations	1.7%
7,500 largest CFC's	7.6
Canada	7.8
Latin America	8.2
Brazil	12.5
Mexico	2.5
Panama	6.8
Other Western Hemisphere	4.0
Bahamas	5.7
Bermuda	5.5
Netherlands Antilles	3.0
Europe	7.9
France	8.7
Italy	9.1
Netherlands	8.6
Switzerland	8.0
United Kingdom	6.7
West Germany	8.5
Africa	8.6
South Africa	10.1
Asia	11.1
Hong Kong	5.7
Japan	14.1
Singapore	11.3
Oceania	5.8
Australia	5.7

1/ The CFC return on assets is the ratio of pre-tax earnings and profits to total assets. The U.S. return on assets is the ratio of net income (less deficit) before tax to total assets. See also footnote 11 at the end of this article.

resulted in a \$1.4 billion deficit. This deficit can be attributed to transactions with finance-related CFC's based in tax-haven countries. These nations are attractive conduits for the flow of capital from a third country into the United States because of low tax withholding rates on payments to foreign persons and low effective income tax rates on foreign entities operating within the countries.

Differences in the preparation of the statistics in Figure G should be recognized. The U.S. Bureau of the Census data credit U.S. imports to the country of origin while CFC sales are based on the CFC's country of incorporation. This could explain why Panamanian CFC's for example, reported \$651 million in sales to U.S. parent groups and only \$366 million is reflected in Census data for imports from Panama. In this instance, perhaps a shipping company incorporated in Panama carried cargo from a third country into the United States. CFC data would credit the sales to Panama while the Census data would report them under the country of origin. Also, Census data are for the Calendar Year 1986; CFC data, on the other hand, reflect business activities for parent corporations whose accounting periods ended between July 1986 and June 1987 and those CFC's which had accounting periods ending therein. However, most CFC activity did occur in 1986.

Figure G.—Purchases and Sales of Stock in Trade Between 7,500 Largest CFC's and Their Parent Groups and the U.S. Merchandise Trade Balance, by Selected Area and Country of Incorporation, 1986

[Money amounts are in millions of dollars]

Country or geographic area	U.S. parent group merchandise trade balance			U.S. merchandise trade balance 1/		
	CFC purchases from U.S. parent group (exports)	CFC sales to U.S. parent group (imports)	Surplus or deficit	Exports	Imports	Surplus or deficit
	(1)	(2)	(3)	(4)	(5)	(6)
All geographic areas.....	\$60,644	\$46,750	\$13,894	\$217,304	\$369,961	\$-152,657
Canada.....	22,731	23,666	-935	45,333	68,253	-22,920
Latin America.....	4,953	3,042	1,911	27,968	39,541	-11,573
Brazil.....	677	785	-108	3,885	6,813	-2,928
Mexico.....	3,124	1,038	2,086	12,392	17,302	-4,910
Panama.....	356	651	-295	711	366	345
Other Western Hemisphere.....	1,544	2,960	-1,416	3,110	2,408	702
Bahamas.....	563	173	390	761	442	319
Bermuda.....	986	2,650	-1,664	236	6	230
Netherlands Antilles.....	13	128	-115	398	471	-73
Europe.....	22,189	8,469	13,720	63,631	91,826	-28,195
France.....	2,377	984	1,393	7,216	2,913	4,303
Italy.....	1,894	434	1,460	4,838	10,607	-5,769
Netherlands.....	1,847	407	1,440	7,848	4,066	3,782
Switzerland.....	2,594	662	1,932	2,977	5,253	-2,276
United Kingdom.....	4,389	3,771	618	11,418	15,396	-3,978
West Germany.....	6,333	955	5,378	10,561	25,124	-14,563
Africa.....	258	630	-372	5,678	10,348	-4,670
Liberia.....	4	373	-369	65	82	-17
South Africa.....	192	16	176	1,159	2,365	-1,206
Asia.....	6,666	6,169	497	64,532	153,869	-89,337
Hong Kong.....	1,201	600	601	3,030	5,861	-2,831
Japan.....	2,293	1,097	1,196	26,882	61,911	-35,029
South Korea.....	168	220	-52	6,355	12,729	-6,374
Taiwan.....	685	685	-400	5,524	19,791	-14,267
Oceania.....	1,529	153	1,376	6,659	3,717	2,942
Australia.....	1,249	133	1,116	5,551	2,632	2,919

1/ U.S. Department of Commerce, Bureau of the Census, Highlights of U.S. Export and Import Trade, FT 990 monthly.

RECENT CFC INCORPORATIONS

Almost one-third of the 7,500 CFC's were incorporated during the period from 1977 to 1987. See Figures H and I. These newest CFC's held 27 percent of all assets. Of these newer CFC's, 40 percent were in finance, insurance and real estate and these held 62 percent of the total assets of the newer CFC's. Almost 50 percent of all financial CFC's were incorporated after 1976, indicating an increasingly global economy where financing is sought world-wide. U.S. parent corporations expanded overseas to take advantage of foreign monies available for investment.

In the past, it was common for U.S. companies to set up financial subsidiaries in tax-haven countries in order to facilitate borrowing from foreign countries. Companies were set up to take advantage of a favorable tax climate in the haven country that may include secrecy, low or zero corporate tax rates, and no withholding tax on payments to foreigners. In an effort to increase direct foreign investment in the United States and to remove the advantage of borrowing through tax-haven countries, the United States

Figure H.—Number and Total Assets of 7,500 Largest CFC's, by Year of Incorporation, 1986

[Money amounts are in millions of dollars]

Year of incorporation	Number of CFC's	1986 Total assets
All years 1/.....	7,500	\$740,396
1987.....	8	366
1986.....	190	13,862
1985.....	254	16,774
1984.....	223	18,265
1983.....	235	20,853
1982.....	243	30,261
1981.....	242	24,850
1980.....	254	18,978
1979.....	249	23,379
1978.....	205	14,028
1977.....	167	14,968
Pre-1977.....	5,061	533,290

1/ Includes CFC's whose year of incorporation is unknown or not stated.

exempted from withholding tax all interest payments on issues made after July 1984. This enabled U.S. corporations to more cheaply borrow foreign money from anywhere in the world [13].

The effects of these changes are seen in the slowdown of incorporations in the Netherlands Antilles. Finance

Figure I.—7,500 Largest CFC's: All Compared to Those Incorporated After 1976, by Selected Industry, 1986

[Money amounts are in millions of dollars]

Selected CFC industry	All CFC's		CFC's incorporated after 1976		Percentage of all CFC's	
	Number	Total assets	Number	Total assets	Number	Total assets
	(1)	(2)	(3)	(4)	(5)	(6)
All industries 1/.....	7,500	\$740,396	2,271	\$196,619	30%	27%
Agriculture, forestry, and fishing.....	25	597	6	188	24	31
Mining.....	217	27,005	81	9,919	37	37
Construction.....	95	3,903	24	650	25	17
Manufacturing.....	3,341	270,162	716	41,219	21	15
Transportation and public utilities.....	226	17,155	82	5,313	36	31
Wholesale and retail trade.....	1,156	76,134	262	9,254	23	12
Finance, insurance, and real estate.....	1,911	322,820	909	122,457	48	38
Services.....	519	22,386	190	7,755	37	35

1/ Includes CFC's whose nature of business was not allocable by industry.

insurance and real estate companies account for 93 percent of all Antillean CFC's. As shown in Figure J, 80 percent of Antillean CFC's were incorporated after 1976. However, 88 percent of these were incorporated between 1977 and 1983. There has been a sharp decrease in incorporations in the Netherlands Antilles since that time. This number may decrease even further due to the cancellation of the United States-Netherlands Antilles tax treaty in 1988 [14].

Europe and almost one-half of these large CFC's were manufacturing CFC's. In 1986, CFC's tended to be more profitable (based on return on assets) than their U.S. parent corporations. The CFC return on assets was 7.6 percent compared to a 1.7 rate for their parent corporations.

The 7,500 largest CFC's reported a surplus in trade with their U.S. parent groups of \$14 billion.

SUMMARY

Large CFC's were incorporated mainly in Canada and

Almost one-third of the 7,500 largest CFC's were incorporated between 1977 and 1987, 40 percent of them in finance related industries.

Figure J.—7,500 Largest CFC's: All Compared to Those Incorporated After 1976, by Selected Country of Incorporation, 1986

[Money amounts are in millions of dollars]

Selected country of incorporation	All CFC's		CFC's incorporated after 1976		Percentage of all CFC's	
	Number	Total assets	Number	Total assets	Number	Total assets
	(1)	(2)	(3)	(4)	(5)	(6)
All countries.....	7,500	\$740,396	2,271	\$196,619	30%	27%
United Kingdom.....	1,058	146,805	335	37,540	32	26
Canada.....	940	112,057	281	28,737	33	26
West Germany.....	512	64,479	106	5,482	21	9
France.....	447	30,325	81	4,033	18	13
Netherlands.....	338	28,515	111	8,260	33	29
Italy.....	332	31,187	91	5,073	27	16
Australia.....	321	24,645	64	4,301	20	17
Bermuda.....	311	25,680	147	8,082	47	31
Netherlands Antilles.....	279	19,104	69	3,307	25	17
Switzerland.....	250	51,886	199	40,622	80	78
Belgium.....	225	29,238	56	5,690	26	19
Japan.....	205	17,675	54	3,936	26	22
Spain.....	195	19,762	69	4,202	35	21
Panama.....	177	12,636	44	3,955	24	33
Mexico.....	156	20,881	44	2,776	28	13
Hong Kong.....	150	6,229	31	757	21	12
Liberia.....	145	16,135	58	5,319	40	33
South Africa.....	89	6,815	34	942	38	14
Ireland.....	88	2,882	7	184	8	6
Finland.....	81	4,390	35	2,184	43	50

DATA SOURCES AND LIMITATIONS

The statistics in this article were derived from all U.S. corporation income tax returns with total assets of \$500 million or more and with accounting periods ended July 1986 through June 1987, and from attached Form(s) 5471 (Information Return with Respect to a Foreign Corporation).

The 7,500 largest CFC's were chosen based on size of assets. Historical data show that these largest CFC's represent over 90 percent of all financial information for all CFC's. However, caution should be used in comparing these statistics to past years' statistics since no small or inactive CFC's were included as in the past.

Also, large CFC's tend to be manufacturing and finance-related CFC's. Therefore, the 7,500 largest CFC's show a bias towards these industrial divisions when compared to all CFC's. These statistics based on the largest 7,500 CFC's are not perfectly representative of the entire population of CFC's and therefore, should be used with caution when making comparison with or estimates of the larger group.

Not all of the information regarding CFC transactions (e.g., transactions with unrelated parties) is available from Statistics of Income data. However, total business receipts, earnings and profits, foreign taxes and transactions between CFC's and related parties (U.S. parent corporations and their domestic and foreign subsidiaries) are reported as part of the parent corporation's U.S. income tax return and included in this article.

U.S. parent corporations were classified by the principal business activity reported on the corporation income tax return. Many returns were filed by diversified corporations, and therefore included significant receipts, profits, and other items related to activities other than the principal business activity.

Controlled Foreign Corporations were also classified by their principal business activity as reported on Form 5471. As such, certain receipts, profits, and transaction items may have been related to secondary business activities. It is not possible to measure the extent of these secondary operations.

When U.S. corporations filed consolidated Forms 5471 with aggregated data for several foreign companies, follow-up requests were made in cases where large money

amounts were reported in an attempt to obtain the CFC information on a disaggregated basis. More than 75 percent of these requests were successful. Where no information was received, the data were left consolidated under the industry and country in which it was originally reported. Less than one percent of the CFC's included in the file contain financial information for a consolidated group of CFC's.

The 1986 data are based on returns filed by U.S. corporations with \$500 million or more in total assets and with full-year accounting periods ending between July 1986 and June 1987. Generally, part-year returns were deleted from the sample to avoid double counting of financial data. According to IRS regulations, a U.S. corporation had to submit a Form 5471 for any Controlled Foreign Corporation with an accounting period ending with or within the U.S. parent's accounting period. Therefore, CFC accounting periods may have ended as early as August 1985 (and, thus, began in September 1984) or as late as June 1987. However, most CFC activity did occur in Calendar Year 1986.

EXPLANATION OF SELECTED TERMS

Business Receipts of Controlled Foreign Corporations.—Business receipts were, in general, gross receipts or gross sales less returns and allowances reported for CFC's on Forms 5471. In the finance, insurance, and real estate industries, business receipts were generally the total income or receipts of the CFC and may have included other types of income such as interest, rents, royalties and other investment income. This definition differs from that used for the business receipts statistics for domestic corporations which generally excludes investment income.

Current Earnings and Profits of Controlled Foreign Corporations.—This item represents the difference between the beginning and ending year balances of accumulated earnings and profits available for distribution to the stockholders. In this report, pre-tax current earnings and profits are shown. For Form 5471 purposes, the earnings and profits reported for a foreign corporation had to be calculated under U.S. accounting standards, as required by Internal Revenue regulations.

Distributions of Controlled Foreign Corporations.—The distributions of CFC's consisted mostly of dividends, capital gain distributions, and distributions paid out of capital (including capital stock, paid-in capital, and capital

surplus) were generally not included. However, liquidating dividends may have been included in some instances.

Foreign Income Taxes Paid by Controlled Foreign Corporations.—These were foreign income, war profits, and excess profits taxes paid or accrued by CFC's to foreign countries or U.S. possessions (including Puerto Rico). Also included were taxes imposed by other countries (including the United States) in cases in which the CFC had business operations in countries other than the one in which it was incorporated.

Related Persons of Controlled Foreign Corporations.—Five categories of related persons of CFC's were shown on Schedule M of Forms 5471 for the purpose of reporting related party transactions. They were the U.S. corporation filing the return, a domestic corporation controlled by the U.S. corporation filing the return, a foreign corporation controlled by the U.S. corporation filing the return, a 10-percent-or-more U.S. shareholder of the CFC (other than the controlling shareholder), and a 10-percent-or-more U.S. shareholder of the U.S. corporation filing the return.

Sales (and Purchases) of Stock in Trade.—These were sales (and purchases) of merchandise in the ordinary course of trade or business.

Subpart F Income.—Subpart F provisions of the Internal Revenue Service Code (section 952) allowed the United States to tax U.S. shareholders on certain types of CFC income that, although undistributed to them, were deemed to have been distributed and were thereby taxable currently, generally at the same rate(s) as dividends. Subpart F income included the following for 1986: income derived from the insurance of U.S. risks; international boycott participation income; illegal bribes, kickbacks, or other payments to a government official; and "foreign base company income" (i.e., income from a foreign personal holding company and certain types of sales, service, shipping and oil-related income from a foreign base company). Also includable as income from CFC's were amounts of previously excluded Subpart F income meeting certain criteria, and increases in foreign corporations' earnings invested in U.S. property.

Transactions of Controlled Foreign Corporations.—Controlled Foreign Corporation transactions were reported on Forms 5471 for five categories of related persons (described previously under "Related Persons of Controlled Foreign Corporations") which dealt with the CFC's.

The transactions shown include receipts and payments for such items as stock in trade, dividends, rents and royalties, commissions, services rendered, interest, insurance premiums, and property rights.

U.S. Affiliated Groups.—The U.S. parent corporation and all of its wholly-owned domestic subsidiaries included in the filing of a consolidated U.S. income tax return (Form 1120).

NOTES AND REFERENCES

- [1] U.S. giant corporations are those with \$500 million or more in assets. Only foreign corporations controlled by these "giant" corporations were included in this study. Subsequent use of the terms "large U.S. multinationals" or "U.S. giant corporations" refers to this group of corporations. Historically, more than two-thirds of all U.S.-controlled foreign corporations have been controlled by U.S. giant corporations. More significantly, both the assets and business receipts of CFC's controlled by these large U.S. corporations have accounted for more than 90 percent of the total assets and business receipts of all CFC's. See statistics on Controlled Foreign Corporations for 1980 in the *Statistics of Income Bulletin*, Summer 1984, Volume 3, Number 4.
- [2] In an effort to gather more accurate and timely data, the scope of the Foreign Corporation Information Return (Form 5471) study was reduced to a full data edit of only the 7,500 largest active CFC's (as determined by asset size) controlled by U.S. corporations with \$500 million or more in assets. [A limited number of data items from all other Forms 5471 filed by these giant corporations were edited but are not used here unless indicated.]
- [3] Heller, Kenneth, *The Impact of U.S. Taxation on the Financing and Earnings Remittance Decisions of U.S.-based Multinational Firms with Controlled Foreign Corporations*, Arno Press, 1980, pp. 2-3.
- [4] Heller, *Op. cit.*, pp. 3-4.
- [5] Heller, *Op. cit.*, pp. 95-97.
- [6] Passive types of income include such receipts as interest, dividends and certain types of rents and royalties.

[7] Control by a U.S. corporation was extended to lower-tier foreign corporations through a chain of control. Thus, a U.S. corporation could own more than 50 percent of a foreign corporation (first-tier) which, in turn, could own more than 50 percent of a second-tier foreign corporation, which, in turn, could own more than 50 percent of a third-tier foreign corporation, and so forth. A Form 5471 had to be filed for each of these foreign corporations.

[8] More recently, the Tax Reform Act of 1986 made several changes to the way Subpart F income is computed including, new rules for the de minimus inclusion of Subpart F income, a new definition of controlled foreign corporation and limitations on Subpart F income. Generally, these changes apply to taxable years of foreign corporations beginning after December 31, 1986.

[9] Statistics of Income studies on Controlled Foreign Corporations are done only every other year.

[10] For Statistics of Income purposes, countries that fall under the Other Western Hemisphere category include the Bahamas, Bermuda, Netherlands Antilles, Leeward Islands, Windward Islands, Antigua, Barbuda, French West Indies, Falkland Islands and Greenland.

[11] For purposes of this analysis, a CFC's return on assets is defined as the ratio of earnings and profits before taxes to total assets. Net income (before taxes), i.e., net income computed under provisions of the Internal Revenue Code, is used in place of

earnings and profits for purposes of computing the U.S. parent corporations' return on assets because earnings and profits, as such, is not reported by the parent. To the extent that the concept of earnings and profits differs from that of net income, the comparison of a CFC's return on assets to the U.S. parent corporation's return on assets is inaccurate. The rate of return on assets of any group, i.e. parent corporations, CFC's, industrial division, or country, is determined using the total income and total assets of the group rather than averaging the returns of each component.

[12] U.S. Department of Commerce, Bureau of the Census, *Highlights of U.S. Export and Import Trade*, FY 1990, monthly. Data from this source are based on the 1986 calendar year, while CFC data are based on accounting periods of U.S. parent corporations ended July 1986 through June 1987 and accounting periods of CFC's ending with, or within, the U.S. parent corporation's accounting period.

[13] For a more detailed explanation of this tax law change and its effects, see Lewis, Margaret P., "Foreign Recipients of U.S. Income, and Tax Withheld, 1986," *Statistics of Income Bulletin*, Winter 1988-89, Volume 8, Number 3.

[14] For more recent data on payments to the Netherlands Antilles, see Bradford, John J., "Foreign Recipients of U.S. Income, 1988," *Statistics of Income Bulletin*, Winter 1990-1991, Volume 10, Number 3, p. 23.

Table 1.—U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Controlled Foreign Corporation
(Money amounts are in thousands of dollars)

Money amounts are in millions of dollars										
Selected industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All industries (U.S. parent).....	714	7,500	740,395,679	589,884,940	56,590,619	62,966,595	19,229,025	19,034,715	21,730,762	4,223,316
Industry of										
Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	11	25	597,029	560,406	48,313	59,979	15,805	15,029	16,250	15,500
Mining.....	76	217	27,005,021	14,791,221	3,558,046	4,257,223	2,062,963	2,011,736	1,879,584	141,476
Construction.....	24	95	3,903,366	4,398,397	327,143	422,999	122,354	117,962	229,429	58,427
Manufacturing.....	389	3,341	270,161,948	357,502,549	32,025,748	35,123,768	12,197,983	12,094,770	10,768,142	1,018,525
Transportation and public utilities.....	77	226	17,155,030	7,098,494	1,049,350	1,346,130	259,119	259,133	511,034	141,716
Wholesale and retail trade.....	230	1,156	76,133,502	151,984,251	8,642,700	9,308,210	2,692,528	2,705,759	3,970,485	391,691
Finance, insurance and real estate.....	452	1,911	322,820,276	41,286,203	9,465,673	10,595,976	1,462,304	1,427,045	3,820,279	2,321,621
Services.....	165	519	22,386,413	12,217,752	1,478,715	1,849,198	410,941	398,413	535,745	134,360
Mining (U.S. parent).....	26	118	6,545,122	3,472,424	850,714	1,036,677	500,499	483,043	553,954	107,026
Industry of										
Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	—	—	—	—	—	—	—	—	—	—
Mining.....	21	58	3,995,367	2,294,040	772,292	899,969	478,929	467,178	404,421	74,480
Construction.....	—	—	—	—	—	—	—	—	—	—
Manufacturing.....	5	15	432,325	473,084	42,632	47,247	15,788	15,699	13,538	—
Transportation and public utilities.....	4	8	308,180	175,239	15,607	17,869	440	440	—	1,540
Wholesale and retail trade.....	—	—	—	—	—	—	—	—	—	—
Finance, insurance and real estate.....	10	20	1,209,138	110,790	51,688	54,089	2,669	2,821	8,995	30,391
Services.....	—	—	—	—	—	—	—	—	—	—
Oil and gas extraction (U.S. parent).....	17	87	5,213,453	2,909,780	769,976	933,851	487,356	471,253	530,984	75,221
Industry of										
Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	—	—	—	—	—	—	—	—	—	—
Mining.....	16	51	3,424,663	2,206,330	746,761	859,560	475,747	465,260	395,988	56,688
Construction.....	—	—	—	—	—	—	—	—	—	—
Manufacturing.....	—	—	—	—	—	—	—	—	—	—
Transportation and public utilities.....	—	—	—	—	—	—	—	—	—	—
Wholesale and retail trade.....	—	—	—	—	—	—	—	—	—	—
Finance, insurance and real estate.....	6	14	984,542	78,829	35,989	37,983	2,530	2,682	3,943	17,918
Services.....	—	—	—	—	—	—	—	—	—	—
Construction (U.S. parent).....	11	61	2,714,072	2,166,376	181,484	219,067	50,275	38,800	91,461	28,163
Industry of										
Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	—	—	—	—	—	—	—	—	—	—
Mining.....	—	—	—	—	—	—	—	—	—	—
Construction.....	7	19	570,676	579,461	28,423	45,318	18,253	21,762	27,956	5,420
Manufacturing.....	—	—	—	—	—	—	—	—	—	—
Transportation and public utilities.....	—	—	—	—	—	—	—	—	—	—
Wholesale and retail trade.....	—	—	—	—	—	—	—	—	—	—
Finance, insurance and real estate.....	5	13	676,949	123,025	59,557	63,041	13,364	13,364	18,210	15,476
Services.....	4	11	688,767	824,333	52,545	52,545	8,594	8,594	11,001	3,190
Manufacturing (U.S. parent).....	391	5,519	480,905,679	498,581,337	48,577,456	53,532,633	16,916,946	16,776,485	19,419,131	3,254,710
Industry of										
Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	7	17	369,629	440,656	15,467	26,973	7,020	6,244	16,250	15,500
Mining.....	37	124	20,389,502	11,123,683	2,646,111	3,168,866	1,552,183	1,509,369	1,458,275	45,677
Construction.....	10	50	2,544,413	3,289,899	323,429	352,166	103,131	100,653	145,270	37,597
Manufacturing.....	351	3,169	262,466,299	348,007,492	31,806,358	34,572,839	12,058,701	11,970,809	10,647,146	1,016,332
Transportation and public utilities.....	37	97	9,919,425	4,891,673	605,023	831,756	107,139	106,599	369,792	138,842
Wholesale and retail trade.....	174	965	58,528,003	109,757,662	7,355,777	7,876,675	2,338,510	2,352,728	3,594,360	339,992
Finance, insurance and real estate.....	236	856	113,509,209	14,244,918	5,222,706	5,680,065	554,844	546,253	2,926,001	1,542,029
Services.....	86	236	13,058,795	6,800,764	797,946	1,020,419	190,389	178,803	340,222	118,742
Food and kindred products (U.S. parent).....	10	47	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

Footnotes at end of table.

Table 1.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations:
Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations,
by Selected Industry of U.S. Corporation and Controlled Foreign Corporation--Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Manufacturing--Continued										
Food and kindred products (U.S. parent).....	28	465	27,896,849	30,572,937	3,158,393	3,348,388	1,026,919	1,012,356	1,157,341	169,057
Industry of Controlled Foreign Corporations	3	7	149,359	291,008	9,732	12,465	3,836	3,553	16,250	15,500
Agriculture, forestry and fishing.....	--	--	--	--	--	--	--	--	--	--
Mining.....	--	--	--	--	--	--	--	--	--	--
Construction.....	27	286	15,371,689	23,781,245	2,431,099	2,533,230	865,191	851,260	905,771	85,820
Manufacturing.....	--	--	--	--	--	--	--	--	--	--
Transportation and public utilities.....	15	65	2,840,980	5,056,920	269,521	308,526	89,269	88,053	89,127	29,914
Wholesale and retail trade.....	22	81	8,483,886	917,401	380,220	421,621	45,368	46,035	106,854	33,556
Finance, insurance and real estate.....	5	21	834,575	441,359	56,270	58,914	18,448	18,448	33,738	4,166
Services.....	--	--	--	--	--	--	--	--	--	--
Chemicals and allied products (U.S. parent).....	66	1,219	63,333,756	69,913,550	8,981,140	9,630,212	2,947,215	2,946,716	3,567,805	685,057
Industry of Controlled Foreign Corporations	--	--	--	--	--	--	--	--	--	--
Agriculture, forestry and fishing.....	7	12	2,086,685	1,176,645	443,483	493,859	351,202	347,962	369,594	926
Mining.....	--	--	--	--	--	--	--	--	--	--
Construction.....	64	841	48,297,090	54,200,522	6,485,207	6,965,378	2,233,424	2,239,476	1,881,514	324,118
Manufacturing.....	6	10	879,988	490,745	82,247	89,886	28,206	27,847	46,138	7,855
Transportation and public utilities.....	39	191	6,556,373	11,812,590	829,167	867,749	229,157	235,018	394,793	118,726
Wholesale and retail trade.....	38	139	24,059,322	2,015,133	1,044,128	1,106,347	80,762	79,826	835,042	309,490
Finance, insurance and real estate.....	12	17	1,207,122	99,514	93,665	94,978	19,741	12,753	40,723	41,972
Services.....	--	--	--	--	--	--	--	--	--	--
Petroleum (including integrated) and coal products (U.S. parent).....	24	478	104,965,557	122,047,928	12,336,432	13,365,794	4,308,326	4,239,572	5,971,961	1,086,261
Industry of Controlled Foreign Corporations	--	--	--	--	--	--	--	--	--	--
Agriculture, forestry and fishing.....	17	72	17,523,428	9,401,919	2,183,004	2,607,914	1,186,552	1,149,632	944,407	32,936
Mining.....	--	--	--	--	--	--	--	--	--	--
Construction.....	17	112	30,370,187	46,702,102	3,847,719	4,037,572	1,595,488	1,555,672	1,538,129	322,336
Manufacturing.....	11	46	7,303,645	3,124,837	402,372	562,414	62,538	62,751	290,423	121,869
Transportation and public utilities.....	16	156	27,040,733	59,175,728	4,488,061	4,596,797	1,434,391	1,442,955	2,525,731	110,813
Wholesale and retail trade.....	22	82	20,334,627	2,597,028	1,215,403	1,339,605	37,498	36,703	600,885	477,686
Finance, insurance and real estate.....	4	7	1,970,722	61,912	142,708	144,327	-22,775	-22,775	60,506	508
Services.....	--	--	--	--	--	--	--	--	--	--
Primary metal industries (U.S. parent).....	23	208	11,490,847	11,366,312	391,450	821,587	168,758	172,463	190,393	100,219
Industry of Controlled Foreign Corporations	--	--	--	--	--	--	--	--	--	--
Agriculture, forestry and fishing.....	3	4	52,747	31,590	4,834	6,792	13	13	69,904	8,300
Mining.....	--	--	--	--	--	--	--	--	--	--
Construction.....	20	100	5,852,812	9,420,450	96,020	493,154	134,999	135,316	126,299	274,264
Manufacturing.....	5	10	290,856	74,888	9,366	11,579	316	384	110,680	72,579
Transportation and public utilities.....	16	63	4,333,010	781,131	192,470	216,930	16,100	19,729	9,810	4,568
Wholesale and retail trade.....	4	20	687,232	603,289	44,594	46,661	15,431	15,095	--	--
Finance, insurance and real estate.....	--	--	--	--	--	--	--	--	--	--
Services.....	--	--	--	--	--	--	--	--	--	--
Machinery, except electrical (U.S. parent).....	45	725	69,531,377	58,664,442	8,821,770	9,825,964	3,600,264	3,523,516	3,747,000	198,833
Industry of Controlled Foreign Corporations	--	--	--	--	--	--	--	--	--	--
Agriculture, forestry and fishing.....	--	--	--	--	--	--	--	--	--	--
Mining.....	--	--	--	--	--	--	--	--	--	--
Construction.....	42	376	47,509,508	45,493,415	7,754,492	8,255,465	3,346,854	3,275,458	2,815,926	22,001
Manufacturing.....	--	--	--	--	--	--	--	--	--	--
Transportation and public utilities.....	23	163	8,424,155	10,238,063	530,537	647,131	120,968	126,299	493,691	33,069
Wholesale and retail trade.....	29	113	9,291,507	1,082,990	402,038	513,808	61,528	52,160	21,100	16,132
Finance, insurance and real estate.....	17	46	3,694,587	1,499,626	127,346	171,544	59,135	60,297	--	--
Services.....	--	--	--	--	--	--	--	--	--	--

Footnotes at end of table.

Table 1.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations:
Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations,
by Selected Industry of U.S. Corporation and Controlled Foreign Corporation--Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Manufacturing--Continued										
Electrical and electronic equipment (U.S. parent).....	44	713	48,874,023	46,842,782	4,112,571	4,713,012	1,037,296	1,023,698	1,143,683	269,031
Industry of Controlled Foreign Corporations	--	--	--	--	--	--	--	--	--	--
Agriculture, forestry and fishing.....	3	7	193,144	134,277	13,506	25,533	2,106	1,880	7,500	10,323
Mining.....	--	--	--	--	--	--	--	--	--	--
Construction.....	39	429	27,664,379	37,581,886	2,931,711	3,355,268	842,697	833,989	665,453	81,623
Manufacturing.....	--	--	--	--	--	--	--	--	--	--
Transportation and public utilities.....	23	89	2,352,517	4,363,693	167,995	216,588	67,967	66,166	47,001	2,409
Wholesale and retail trade.....	19	129	16,016,994	2,552,607	768,434	801,994	75,740	73,440	361,845	149,737
Finance, insurance and real estate.....	10	40	1,140,301	858,407	106,460	138,768	26,987	26,739	30,418	14,844
Services.....	--	--	--	--	--	--	--	--	--	--
Motor vehicles and equipment (U.S. parent).....	14	268	63,075,879	81,901,610	3,279,031	3,854,559	1,294,430	1,364,034	1,437,032	186,616
Industry of Controlled Foreign Corporations	--	--	--	--	--	--	--	--	--	--
Agriculture, forestry and fishing.....	--	--	--	--	--	--	--	--	--	--
Mining.....	--	--	--	--	--	--	--	--	--	--
Construction.....	14	132	40,121,793	73,242,296	2,553,259	2,992,605	1,072,720	1,141,336	1,336,236	17,118
Manufacturing.....	3	5	117,686	35,231	4,643	4,643	1,803	1,803	158	--
Transportation and public utilities.....	6	42	2,187,567	5,398,349	142,911	169,386	48,325	50,776	39,266	--
Wholesale and retail trade.....	10	-72	19,370,502	2,821,007	572,617	604,092	149,220	147,756	55,877	150,708
Finance, insurance and real estate.....	--	--	--	--	--	--	--	--	--	--
Services.....	--	--	--	--	--	--	--	--	--	--
Instruments and related products (U.S. parent).....	15	259	14,311,977	17,838,795	1,727,606	1,815,486	552,105	552,305	145,103	77,587
Industry of Controlled Foreign Corporations	--	--	--	--	--	--	--	--	--	--
Agriculture, forestry and fishing.....	--	--	--	--	--	--	--	--	--	--
Mining.....	--	--	--	--	--	--	--	--	--	--
Construction.....	14	143	9,350,595	10,638,086	1,322,638	1,353,246	413,821	416,245	75,829	37,094
Manufacturing.....	6	85	3,553,918	6,262,121	344,118	377,113	129,823	131,856	49,503	27,216
Transportation and public utilities.....	7	16	866,537	84,555	65,780	68,257	1,554	866	11,169	12,305
Wholesale and retail trade.....	--	--	--	--	--	--	--	--	--	--
Finance, insurance and real estate.....	--	--	--	--	--	--	--	--	--	--
Services.....	--	--	--	--	--	--	--	--	--	--
Transportation and public utilities (U.S. parent).....	66	381	24,873,374	9,964,847	1,110,436	1,398,410	301,793	305,100	421,004	248,194
Industry of Controlled Foreign Corporations	--	--	--	--	--	--	--	--	--	--
Agriculture, forestry and fishing.....	--	--	--	--	--	--	--	--	--	--
Mining.....	12	21	2,089,274	478,820	104,087	145,803	22,484	25,833	2,688	21,319
Construction.....	12	78	4,130,312	4,353,876	149,279	227,161	45,774	44,971	72,573	1,992
Manufacturing.....	24	89	5,700,450	1,032,672	372,568	431,747	140,360	140,914	139,948	493
Transportation and public utilities.....	7	37	973,878	1,987,814	138,006	144,389	47,870	48,220	47,180	4,385
Wholesale and retail trade.....	42	98	9,984,642	999,082	327,542	379,202	26,355	26,071	154,178	213,562
Finance, insurance and real estate.....	18	48	1,714,007	919,208	22,127	66,752	18,934	19,010	4,437	6,443
Services.....	--	--	--	--	--	--	--	--	--	--

Footnotes at end of table.

Table 1.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Controlled Foreign Corporation--Continued

(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								Subpart F income
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	
						Current earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Wholesale and retail trade (U.S. parent).....	61	333	38,306,449	46,138,962	1,669,317	1,949,026	435,009	426,655	469,011	170,747
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	**	**	**	**	**	**	**	**	**	**
Mining.....	**	**	**	**	**	**	**	**	**	**
Construction.....	-	-	-	-	-	-	-	-	-	-
Manufacturing.....	13	46	1,970,944	3,361,062	101,528	125,482	46,651	46,841	15,779	-
Transportation and public utilities.....	5	10	327,083	766,755	272	7,183	3,008	3,008	-	-
Wholesale and retail trade.....	38	139	15,774,837	38,179,278	1,055,071	1,185,398	273,422	271,885	324,220	42,804
Finance, insurance and real estate.....	27	98	19,151,023	2,381,394	431,139	525,975	80,095	73,405	138,259	126,063
Services.....	12	32	844,863	613,362	79,432	89,211	27,256	27,139	10,754	1,537
Finance, insurance and real estate (U.S. parent).....	119	871	179,847,139	25,555,032	3,603,201	4,142,392	866,010	843,291	578,365	362,347
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	-	-	-	-	-	-	-	-	-	-
Construction.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	3	12	444,581	454,198	111,745	115,193	22,030	22,035	-	-
Transportation and public utilities.....	3	3	86,607	2,104	991	1,016	-37	-37	-	111
Wholesale and retail trade.....	4	5	411,264	1,613,114	59,270	62,437	23,966	23,966	-	-
Finance, insurance and real estate.....	118	803	176,735,216	23,122,709	3,325,115	3,839,553	777,181	754,614	542,669	356,621
Services.....	13	44	2,035,107	267,253	101,629	119,237	42,564	42,407	26,292	-
Banking (U.S. parent).....	41	444	114,681,555	11,785,996	1,752,667	1,972,616	489,544	485,777	218,286	197,270
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	-	-	-	-	-	-	-	-	-	-
Construction.....	-	-	-	-	-	-	-	-	-	-
Manufacturing.....	3	3	86,607	2,104	991	1,016	-37	-37	-	111
Transportation and public utilities.....	-	-	-	-	-	-	-	-	-	-
Wholesale and retail trade.....	41	418	113,154,526	11,769,634	1,671,341	1,882,853	458,899	455,243	203,626	197,159
Finance, insurance and real estate.....	6	23	1,440,423	14,259	80,335	88,746	30,681	30,570	14,660	-
Services.....										
Insurance (U.S. parent).....	39	176	23,506,769	4,497,431	394,687	557,106	68,321	67,863	158,573	53,791
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	-	-	-	-	-	-	-	-	-	-
Construction.....	-	-	-	-	-	-	-	-	-	-
Manufacturing.....	**	**	**	**	**	**	**	**	**	**
Transportation and public utilities.....	**	**	**	**	**	**	**	**	**	**
Wholesale and retail trade.....	**	**	**	**	**	**	**	**	**	**
Finance, insurance and real estate.....	39	167	23,329,245	4,400,876	389,747	545,639	68,321	67,858	147,948	53,791
Services.....	3	4	74,562	65,576	5,288	7,901	-	-	10,625	-
Services (U.S. parent).....	38	193	6,506,722	3,442,382	534,595	619,133	142,617	143,970	175,254	51,389
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	-	-	-	-	-	-	-	-	-	-
Construction.....	3	4	68,295	645	2,271	2,271	-	-	-	12,794
Manufacturing.....	3	5	79,719	64,232	-2,033	1,533	543	-351	-	-
Transportation and public utilities.....	**	**	**	**	**	**	**	**	**	**
Wholesale and retail trade.....	3	3	174,494	123,600	23,162	23,687	4,212	4,212	31,768	34,476
Finance, insurance and real estate.....	14	23	1,554,099	304,285	47,924	54,051	7,796	10,517	143,039	4,127
Services.....	30	145	3,978,610	2,751,733	429,401	500,257	122,336	121,861	-	-

** Data deleted to avoid disclosure of information for specific corporations.

Note: Detail may not add to total because of rounding and because agriculture, forestry, and fishing is not shown for the U.S. parent corporations.

Table 2.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of Controlled Foreign Corporation

(Money amounts are in thousands of dollars)

7,500 Largest Controlled Foreign Corporations									
Selected Industry of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign income taxes (net)	Actual distributions in current year	Subpart F income	Selected receipts by foreign corporations from:
									All related persons
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
All industries, total.....	714	7,500	740,395,679	589,884,940	56,590,619	19,034,715	21,730,762	4,223,316	122,306,380
Agriculture, forestry and fishing.....	11	25	597,029	560,406	48,313	15,029	16,250	15,500	210,124
Mining.....	76	217	27,005,021	14,791,221	3,558,046	2,011,736	1,879,584	141,476	2,980,552
Construction.....	24	95	3,903,366	4,398,397	327,143	117,962	229,429	56,427	444,154
Manufacturing.....	389	3,341	270,161,948	357,502,549	32,025,748	12,094,770	10,766,142	1,018,525	84,527,850
Food and kindred products.....	47	311	17,185,364	26,470,998	2,627,618	936,441	1,024,557	107,847	3,162,292
Chemicals and allied products.....	102	882	51,072,534	55,665,989	6,899,543	2,110,799	1,866,665	240,731	10,609,765
Petroleum (including integrated) and coal products.....	16	65	29,355,602	47,129,756	3,956,133	1,796,729	1,495,544	343,415	4,881,681
Fabricated metal products.....	70	199	8,816,474	8,839,174	874,193	248,188	256,527	2,592	9,366,644
Machinery, except electrical.....	81	376	45,549,803	39,679,010	7,596,140	3,130,022	2,817,613	57,184	17,956,353
Electrical and electronic equipment.....	77	472	32,460,602	45,116,200	3,290,764	963,562	799,157	137,315	10,724,537
Motor vehicles and equipment.....	32	163	42,379,654	76,686,833	2,667,141	1,221,866	1,240,967	17,118	25,338,879
Transportation and public utilities.....	77	226	17,555,030	7,098,494	1,049,350	259,133	511,034	141,716	2,243,454
Water transportation.....	43	124	7,723,082	2,944,164	237,147	5,356	134,089	126,490	2,004,928
Wholesale and retail trade.....	230	1,156	76,133,502	151,984,251	8,642,700	2,705,759	3,970,485	391,691	17,522,992
Wholesale trade.....	196	980	64,226,156	128,391,269	7,809,692	2,351,031	3,590,384	362,113	16,431,908
Finance, insurance and real estate.....	452	1,911	322,820,276	41,286,203	9,465,673	1,427,045	3,820,279	2,321,621	11,670,001
Banking.....	48	253	90,773,446	6,526,009	1,223,140	282,024	115,865	60,982	1,078,725
Credit agencies other than banks.....	147	460	88,244,309	10,591,737	1,941,087	475,283	686,930	771,684	2,686,233
Insurance.....	180	332	39,003,026	9,737,589	1,460,814	120,131	555,964	355,918	2,056,528
Holding and other investment companies, except bank holding companies.....	263	629	75,477,434	8,417,323	4,231,159	341,996	2,342,811	1,087,261	4,919,798
Services.....	165	519	22,386,413	12,217,752	1,478,715	398,413	535,745	134,360	2,694,383
Business services.....	98	253	10,535,242	4,270,406	576,533	150,290	270,533	66,151	1,832,132

7,500 Largest Controlled Foreign Corporations--Continued									
Selected Industry of 7,500 Largest Controlled Foreign Corporations	U.S. corporation filing return and its domestic subsidiaries				Any foreign corporation controlled by U.S. corporation filing return				Selected payments by foreign corporations to:
	Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
All industries, total.....	60,110,117	46,749,756	4,115,133	5,787,938	61,523,955	46,913,101	3,862,593	4,514,627	150,042,967
Agriculture, forestry and fishing.....	20,028	16,919	3,003	8	190,095	173,799	136	16,160	63,965
Mining.....	1,590,109	1,441,187	25,045	99,791	1,390,616	824,075	63,079	98,693	3,181,927
Construction.....	172,590	101,360	61,583	9,645	270,440	135,607	92,210	35,231	640,209
Manufacturing.....	41,025,339	37,349,841	2,699,375	510,406	43,202,639	37,662,402	2,132,310	1,727,731	101,434,535
Food and kindred products.....	718,680	676,165	14,842	23,553	2,443,412	2,277,669	46,690	56,288	3,607,880
Chemicals and allied products.....	1,680,192	1,395,542	150,776	81,458	8,912,984	7,238,853	190,240	1,054,383	12,685,003
Petroleum (including integrated) and coal products.....	2,797,544	2,628,098	128,985	37,608	2,084,133	1,224,788	192,500	192,796	9,769,534
Fabricated metal products.....	180,379	162,398	4,877	7,758	756,266	720,157	7,230	20,567	1,005,502
Machinery, except electrical.....	6,194,273	4,510,097	1,423,352	102,668	11,750,864	10,852,881	671,028	45,593	21,901,444
Electrical and electronic equipment.....	5,282,748	4,677,936	405,012	50,872	5,441,844	4,918,721	317,975	88,583	10,226,379
Motor vehicles and equipment.....	19,666,401	19,432,492	267,097	152,652	5,265,269	4,444,371	597,234	147,090	30,973,342
Transportation and public utilities.....	1,373,428	350,870	322,852	374,294	628,040	294,173	51,438	214,354	1,101,122
Water transportation.....	1,270,336	288,902	296,397	361,057	492,606	207,400	24,023	204,903	561,630
Wholesale and retail trade.....	8,131,170	7,222,095	283,239	62,133	9,330,616	6,904,881	491,847	410,544	31,166,260
Wholesale trade.....	7,813,912	6,958,897	271,871	58,521	8,561,083	6,352,492	386,187	331,124	29,107,073
Finance, insurance and real estate.....	6,843,257	94,352	149,575	4,951,596	4,777,554	329,587	303,429	1,735,676	9,533,026
Banking.....	788,375	—	37,129	689,105	277,678	6,825	262,568	1,510,037	9,530,037
Credit agencies other than banks.....	1,300,457	6,960	5,395	1,845,028	972,301	143,568	16,378	2,586,216	9,530,037
Insurance.....	1,638,328	—	5,720	38,044	417,851	411	7,748	50,590	831,487
Holding and other investment companies, except bank holding companies.....	2,071,042	57,832	15,944	1,861,361	2,824,021	124,977	122,040	784,390	3,739,603
Services.....	949,659	168,943	570,462	139,617	1,726,019	587,603	723,369	275,330	2,910,435
Business services.....	747,427	100,765	506,697	95,851	1,066,000	139,142	598,504	202,059	1,261,213
Food.....	—	—	—	—	—	—	—	—	—

7,500 Largest Controlled Foreign Corporations--Continued

Selected industry of 7,500 Largest Controlled Foreign Corporations	Selected receipts by foreign corporations from:--Continued								Selected payments by foreign corporations to:
	U.S. corporation filing return and its domestic subsidiaries				Any foreign corporation controlled by U.S. corporation filing return				
	Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
All industries, total.....	60,110,117	46,749,756	4,115,133	5,787,938	61,523,955	46,913,101	3,862,593	4,514,627	150,042,967
Agriculture, forestry and fishing.....	20,028	16,919	3,003	8	190,095	173,799	136	16,160	63,965
Mining.....	1,590,109	1,441,187	25,045	99,791	1,390,616	824,075	63,079	98,693	3,181,927
Construction.....	172,590	101,360	61,583	9,645	270,440	135,607	92,210	35,231	640,209
Manufacturing.....	41,025,339	37,349,841	2,699,375	510,406	43,202,639	37,662,402	2,132,310	1,727,731	101,434,535
Food and kindred products.....	718,880	676,165	14,842	23,553	2,443,412	2,277,669	46,690	56,288	3,607,880
Chemicals and allied products.....	1,680,192	1,395,542	150,776	81,458	8,912,884	7,236,853	190,240	1,054,383	12,885,003
Petroleum (including integrated) and coal products.....	2,797,544	2,628,098	128,985	37,608	2,084,133	1,224,788	192,500	192,796	9,769,534
Fabricated metal products.....	180,379	162,399	4,877	7,758	756,266	720,157	7,230	20,567	1,005,502
Machinery, except electrical.....	6,194,273	4,510,097	1,423,352	102,668	11,750,684	10,852,881	671,028	45,593	21,901,444
Electrical and electronic equipment.....	5,282,748	4,677,936	405,012	50,872	5,441,644	4,918,721	317,975	86,583	10,226,379
Motor vehicles and equipment.....	19,866,401	19,432,492	267,097	152,652	5,265,269	4,444,371	597,234	147,090	30,973,342
Transportation and public utilities.....	1,373,428	350,970	322,652	374,294	628,040	294,173	51,438	214,354	1,101,122
Water transportation.....	1,270,336	288,902	296,397	361,057	492,606	207,400	24,023	204,903	561,630
Wholesale and retail trade.....	8,131,170	7,222,095	283,239	62,133	9,330,616	6,904,881	491,847	410,544	31,166,260
Finance, insurance and real estate.....	7,813,912	6,958,697	271,671	58,521	6,561,083	6,352,492	386,187	331,124	29,101,073
Banking.....	6,843,257	94,352	149,575	4,591,596	4,777,554	329,587	303,429	1,735,876	9,533,026
Credit agencies other than banks.....	788,376	-	37,129	277,678	-	-	6,825	262,588	1,510,037
Insurance.....	1,900,497	6,960	5,395	1,845,028	972,301	143,588	157,738	548,388	2,586,216
Holding and other investment companies, except bank holding companies.....	1,638,328	-	5,720	38,044	471,851	411	7,748	50,590	831,487
Services.....	2,071,042	67,632	15,944	1,861,361	2,824,021	124,977	122,040	784,390	3,739,603
Business services.....	949,659	168,943	570,462	139,617	1,726,019	567,603	723,389	275,330	2,910,435
Food services.....	747,427	100,765	508,697	95,851	1,066,000	139,142	598,504	202,059	1,261,114

Footnotes at end of table

Table 2.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of Controlled Foreign Corporation--Continued
(Money amounts are in thousands of dollars)

Selected industry of 7,500 Largest Controlled Foreign Corporations	7,500 Largest Controlled Foreign Corporations--Continued									
	Selected payments by foreign corporations to--Continued									
	U.S. corporation filing return and its domestic subsidiaries					Any foreign corporation controlled by U.S. corporation filing return				
	Total	Purchases of stock in trade	Compensation paid for certain services	Dividends paid	Interest, rents, and royalties paid	Total	Purchases of stock in trade	Compensation paid for certain services	Dividends paid	Interest, rents, and royalties paid
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
All industries, total.....	92,450,687	60,644,292	4,187,446	15,490,666	10,394,797	56,122,819	40,885,436	4,331,497	5,602,344	3,793,785
Agriculture, forestry and fishing.....	59,460	29,971	451	15,793	6,066	4,505	2,495	188	253	1,511
Mining.....	2,242,820	482,519	82,025	1,347,192	244,378	938,987	172,064	78,281	522,431	138,871
Construction.....	340,383	86,072	34,516	195,512	17,548	270,636	106,650	81,455	28,379	51,424
Manufacturing.....	65,205,035	44,902,791	3,456,801	8,379,853	7,179,352	35,221,588	28,061,896	3,197,319	1,933,479	1,209,636
Food and kindred products.....	1,525,544	546,599	90,782	605,875	226,905	2,082,335	1,594,768	67,461	273,575	110,202
Chemicals and allied products.....	6,937,022	4,229,711	278,645	1,382,348	926,786	5,917,495	4,479,228	456,804	446,118	275,222
Petroleum (including integrated and coal products).....	6,388,540	5,090,758	95,278	1,144,438	55,525	2,534,908	1,774,349	253,950	254,285	208,043
Fabricated metal products.....	656,302	323,126	25,201	225,983	69,726	349,159	274,090	10,907	23,263	35,604
Machinery, except electrical.....	10,797,283	5,030,477	427,729	2,512,519	2,726,024	11,066,025	9,893,307	858,064	291,813	123,054
Electrical and electronic equipment.....	6,476,810	4,904,062	354,949	487,072	339,923	3,749,569	3,050,561	116,319	294,647	137,890
Motor vehicles and equipment.....	26,200,235	20,714,252	1,946,256	1,132,811	2,225,240	4,741,818	3,146,377	1,283,920	93,763	187,584
Transportation and public utilities.....	367,741	136,355	36,187	141,202	32,447	708,330	120,415	81,862	286,186	199,542
Water transportation.....	186,192	84,564	10,420	67,109	20,263	352,594	59,135	41,714	66,979	182,014
Wholesale and retail trade.....	17,354,919	14,377,551	242,225	2,209,786	2,207,390	10,703,428	323,024	1,718,859	458,020	315,092
Wholesale trade.....	16,094,130	13,454,720	235,208	2,027,390	2,544,806	12,658,832	10,217,918	1,536,844	363,821	363,821
Finance, insurance and real estate.....	5,637,734	220,310	106,930	2,852,959	579,573	344,673	837,164	267,267	934,424	1,471,604
Banking.....	1,134,013	39,849	100,716	1,007,716	1,387,568	344,673	837,164	267,267	934,424	1,471,604
Credit agencies other than banks.....	1,198,053	3,109	40,200	439,902	10,976	260,894	305,010	49,643	116,048	14,183
Insurance.....	570,593	3,109	40,200	439,902	10,976	260,894	305,010	49,643	116,048	14,183
Holding and other investment companies, except bank holding companies.....	2,329,513	64,814	11,401	1,799,199	451,573	1,406,757	375,205	10,759	524,255	406,543
Services.....	1,232,315	407,978	146,267	346,556	271,114	1,676,380	881,325	302,100	178,332	260,971
Business services.....	597,478	278,468	66,533	150,561	70,334	661,906	201,760	173,456	114,074	137,739

Note: Detail may not add to total because of rounding.

Table 3.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation
(Money amounts are in thousands of dollars)

Selected country of incorporation of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations						
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign income taxes (net)	Actual distributions in current year	Subpart F income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
All geographic areas, total.....	714	7,500	740,395,679	509,884,940	56,590,819	19,034,715	21,730,762	4,223,316
Canada.....	432	840	112,056,545	103,143,181	8,703,748	3,419,265	3,411,443	170,847
Latin America, total.....	289	959	62,768,032	45,957,256	5,121,667	1,386,833	2,286,426	535,888
Mexico.....	97	150	6,229,438	6,667,206	152,932	124,603	139,066	11,614
Central America, total.....	85	194	21,811,331	8,447,431	1,517,506	147,152	845,314	402,013
Costa Rica.....	8	12	212,170	236,179	21,431	6,168	6,450	—
El Salvador.....	4	4	66,352	168,824	16,834	36,301	14,332	7,418
Guatemala.....	10	10	148,700	154,288	5,804	5,813	7,418	5
Honduras.....	5	5	255,988	371,302	36,301	14,332	14,332	—
Panama.....	86	156	20,881,082	7,407,268	1,419,862	103,213	815,114	402,006
Caribbean countries, total.....	66	85	6,545,285	1,222,215	402,131	46,785	40,430	65,876
Cayman Islands (British).....	52	69	5,750,474	326,959	37,454	32,452	14,714	53,363
Dominican Republic.....	4	4	250,417	101,637	37,454	32,452	14,714	53,363
South America, total.....	190	530	28,381,771	29,620,404	3,049,089	1,070,291	1,281,615	56,385
Argentina.....	59	79	4,219,492	3,808,174	243,847	49,646	108,572	12,804
Bolivia.....	—	—	—	—	—	—	—	—
Brazil.....	157	279	19,104,216	21,047,487	2,388,146	860,282	981,442	41,708
Chile.....	23	35	1,467,954	1,030,429	94,004	13,626	46,145	413
Colombia.....	35	39	1,084,648	1,715,863	159,693	66,301	53,559	12
Ecuador.....	9	9	258,915	86,868	20,045	3,801	7,198	—
Peru.....	7	11	193,362	196,523	40,493	19,508	9,942	—
Uruguay.....	7	8	220,606	85,167	2,119	1,409	4,765	—
Venezuela.....	56	69	1,782,997	1,645,730	101,946	55,646	49,992	1,448
Other Western Hemisphere, total.....	329	623	85,135,354	24,219,911	3,366,919	336,392	1,862,368	1,792,742
Bahamas.....	39	59	7,400,370	7,173,147	423,881	121,467	307,889	69,053
Bermuda.....	202	311	25,679,727	10,300,485	1,408,581	54,269	761,054	510,069
Netherlands Antilles.....	186	250	51,866,237	6,745,540	1,552,260	160,637	792,646	1,213,621
Europe, total.....	490	3,696	383,735,353	328,082,275	30,411,912	10,606,741	11,374,986	1,444,519
European Economic Community, total.....	480	3,277	343,827,575	293,002,486	26,854,921	9,840,846	9,892,212	728,040
Belgium.....	128	205	17,575,069	15,293,609	1,498,992	527,292	436,424	203,430
Denmark.....	41	50	2,088,266	2,804,282	330,293	137,153	143,041	—
France (including Andorra).....	236	447	30,325,388	41,444,103	2,632,196	1,154,536	760,910	3,221
Germany.....	18	16	383,227	1,082,558	115,400	23,031	1,355	15
Ireland.....	59	81	4,389,585	2,583,429	516,209	24,015	168,757	11,211
Italy (including San Marino).....	29	332	31,187,410	26,759,899	2,833,505	1,056,900	581,115	10,108
Luxembourg.....	28	29	4,548,678	1,077,087	100,626	47,864	45,813	4,427
Netherlands.....	188	338	26,515,126	23,648,159	2,441,280	404,975	513,341	70,937
Portugal.....	26	30	695,551	1,275,205	134,802	32,284	31,490	19
Spain.....	124	177	12,836,103	11,267,678	945,225	311,363	376,538	2,818
United Kingdom.....	361	1,066	146,804,566	97,260,938	9,798,051	3,496,719	4,905,081	238,214
West Germany.....	244	512	64,478,567	66,645,539	5,500,139	2,630,013	1,906,247	162,636
Other West European countries, total.....	177	418	39,756,165	35,072,394	3,556,202	767,896	1,482,785	716,478
Austria.....	37	48	3,534,008	3,676,796	347,267	77,603	210,467	52,480
Finland.....	22	24	1,280,341	1,650,227	153,933	56,487	72,800	—
Liechtenstein.....	33	6	257,263	108,241	49,499	6,286	74,339	20,963
Norway.....	39	39	2,062,359	3,187,047	262,810	112,663	51,166	2,861
Sweden.....	57	69	3,086,842	3,922,891	381,429	216,294	119,332	15,946
Switzerland.....	135	225	29,238,465	21,754,231	2,325,876	285,423	933,387	624,226
Turkey.....	5	5	259,318	767,115	26,547	12,655	10,508	—
Africa, total.....	124	251	12,872,138	10,594,605	1,104,119	373,877	405,383	45,701
Egypt.....	8	8	191,443	231,543	22,856	7,460	8,922	—
Kenya.....	6	6	192,681	247,376	57,186	22,880	16,118	—
Liberia.....	46	89	6,815,184	2,052,434	163,842	6,196	41,936	45,343
Morocco.....	4	4	85,901	72,587	10,878	4,866	1,618	—
Nigeria.....	11	12	1,494,724	1,705,598	441,349	171,492	149,812	—
South Africa (including Namibia).....	70	86	2,882,167	4,572,014	291,614	103,101	151,727	24
Zaire.....	5	5	129,042	186,121	21,375	9,936	6,497	—
Zimbabwe.....	6	10	291,229	387,664	52,720	18,813	17,315	334
Asia, total.....	228	671	51,810,343	52,443,853	5,751,421	2,246,048	1,804,528	181,278
Hong Kong.....	97	145	16,135,149	6,086,086	920,778	150,334	406,885	90,521
India.....	11	12	472,592	651,801	69,537	31,484	6,429	15
Indonesia.....	13	16	742,012	2,735,798	505,394	286,651	6,300	—
Israel.....	9	16	811,856	252,038	14,927	9,420	7,596	—
Japan.....	129	195	19,762,444	27,987,988	2,779,352	1,484,063	989,180	9,135
Malaysia.....	37	37	1,627,324	2,728,729	182,590	65,896	38,226	8,777
Philippines.....	30	34	1,261,361	1,741,794	141,773	65,535	56,693	8,563
Saudi Arabia.....	9	11	1,081,039	165,051	47,299	6,121	42,156	100
Singapore.....	56	80	5,917,968	4,986,852	670,887	36,088	100,454	59,646
South Korea.....	22	24	661,004	675,096	61,995	22,703	51,626	4
Taiwan.....	45	52	2,028,061	2,153,244	213,562	26,645	53,662	8
Thailand.....	27	31	1,201,673	2,012,266	168,361	49,820	40,343	17
Oceania, total.....	199	374	26,785,963	19,849,060	1,556,018	550,144	440,587	49,204
Australia.....	195	321	24,644,794	17,964,722	1,411,112	485,091	396,144	49,120
New Zealand.....	34	48	2,051,992	1,787,700	149,713	63,265	39,324	13
Puerto Rico and U.S. Possessions, total.....	86	86	5,231,952	5,594,799	484,815	111,414	145,010	3,137
Puerto Rico.....	28	28	3,839,540	1,144,514	194,741	53,901	69,495	725
U.S. Virgin Islands.....	8	10	1,088,326	3,094,877	116,081	25,940	23,578	2,412
Footnotes at end of table.								

Table 3.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation--Continued
[Money amounts are in thousands of dollars]

Selected country of incorporation of 7,500 Largest Controlled Foreign Corporations	7,500 Largest Controlled Foreign Corporations--Continued									
	Selected receipts by foreign corporations from*					Any foreign corporation controlled by U.S. corporation filing return				
	All related persons	U.S. corporation filing return and its domestic subsidiaries	Any foreign corporation controlled by U.S. corporation filing return	U.S. corporation filing return and its domestic subsidiaries	Any foreign corporation controlled by U.S. corporation filing return	U.S. corporation filing return and its domestic subsidiaries	Any foreign corporation controlled by U.S. corporation filing return	U.S. corporation filing return and its domestic subsidiaries	Any foreign corporation controlled by U.S. corporation filing return	U.S. corporation filing return and its domestic subsidiaries
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
All geographic areas, total.....	122,306,380	60,110,117	48,749,756	4,115,133	5,787,836	81,523,955	46,913,101	3,862,593	4,514,627	
Canada.....	28,356,810	24,161,676	23,666,434	232,307	132,810	3,827,645	2,034,695	452,202	516,634	
Latin America, total.....	7,474,594	3,792,102	3,042,329	143,253	465,781	3,644,566	2,532,290	81,910	434,166	
Mexico.....	1,289,230	1,137,253	1,037,357	63,640	113,330	151,342	107,679	6,767	25,062	
Central America, total.....	2,603,072	1,252,101	774,895	50,606	396,965	1,339,315	717,800	20,330	244,061	
Costa Rica.....	156,632	14,687	14,419	364	141,946	141,946	141,946	141,946	141,946	
El Salvador.....	3,416	68,007	56,398	317	11,751	11,751	11,751	11,751	11,751	
Guatemala.....	77,831	53,080	53,080	24,002	24,002	24,002	24,002	24,002	24,002	
Honduras.....	2,296,300	1,127,378	630,997	49,925	396,965	1,157,265	537,452	19,907	243,968	
Panama.....	432,054	253,572	127,750	33,938	109,815	16,005	16,005	16,005	16,005	
Caribbean countries, total.....	3,150,238	1,149,121	1,056,514	14,248	21,747	2,000,609	1,596,906	53,207	128,592	
Cayman Islands (British).....	623,657	240,022	216,514	3,540	1,945	303,632	320,727	10,067	10,065	
Dominican Republic.....	4,150,238	1,149,121	1,056,514	14,248	21,747	2,000,609	1,596,906	53,207	128,592	
South America, total.....	2,330,897	827,631	785,451	6,174	15,365	1,502,752	1,209,697	38,320	103,527	
Bolivia.....	64,251	19,299	18,685	9	9	44,952	24,550	163	2,492	
Brazil.....	45,309	30,575	26,119	652	1,299	14,734	6,882	2,596	2,178	
Chile.....	3,182	2,979	563	1	125	203	24	66	66	
Colombia.....	5,295	2,968	562	1,960	2,318	248	183	145	184	
Ecuador.....	4,174	2,968	562	1,960	2,318	248	183	145	184	
Peru.....	59,826	25,412	8,553	1,885	2,867	11,855	17,495	1,154	9,931	
Uruguay.....	9,606,875	8,214,166	2,959,584	38,091	3,657,951	1,360,278	437,075	70,123	410,632	
Venezuela.....	454,287	233,104	173,167	7,052	30,652	221,184	60,863	10,727	68,353	
Other Western Hemisphere, total.....	5,056,354	4,237,078	2,658,703	30,948	619,260	327,403	18,479	138,292	203,987	
Bermuda.....	4,098,233	3,743,894	127,695	91	3,562,991	319,835	46,809	46,917	203,987	
Netherlands Antilles.....	50,564,986	12,831,567	8,468,759	2,429,261	1,270,723	45,575,115	36,061,462	2,931,363	2,744,630	
Europe, total.....	53,021,252	11,381,770	7,355,206	2,202,833	1,175,757	41,586,255	25,007,876	2,493,837	2,493,837	
European Economic Community, total.....	3,306,392	618,400	425,568	110,409	59,267	148,809	94,715	14,545	14,545	
Belgium.....	240,035	90,705	74,736	3,967	6,003	43,019	41,745	67,790	67,790	
Denmark.....	7,886,420	1,676,611	983,854	606,209	21,408	20,074	1,206	101	101	
France (including Andorra).....	23,855	2,447	3	3	9,008	612,841	535,254	12,596	10,827	
Greece.....	134,737	134,737	134,737	13,463	8,007	3,024,416	1,999,249	113,378	859,051	
Ireland.....	3,593,536	569,299	433,986	73,532	106,729	330,997	276,849	61,300	42,275	
Italy (including San Marino).....	564,504	233,587	35,385	90,391	50,080,825	4,300,231	223,533	331,021	153	
Luxembourg.....	7,533,848	649,516	407,395	188,041	90,103	88,565	1,153	57,308	75,347	
Netherlands.....	102,851	12,748	11,534	802	10,071	1,016,181	915,796	15,071	15,071	
Portugal.....	1,179,692	163,501	138,473	13,406	591,626	11,133,624	960,974	220,520	220,520	
Spain.....	16,728,760	5,581,195	3,771,159	724,726	150,911	11,446,505	535,529	1,146,505	1,146,505	
United Kingdom.....	13,113,473	1,649,765	955,199	508,556	49,895	3,986,860	2,930,837	430,487	250,793	
West Germany.....	5,543,602	1,549,726	1,113,551	225,428	2,943	159,521	70,690	24,224	3,949	
Other West European countries, total.....	220,913	61,279	12,265	45,908	1,765	18,600	11,356	4,193	1,576	
Austria.....	23,373	4,773	458	2,536	87,066	18,336	9	7,115	9	
Luxembourg.....	290,591	236,908	211,433	9,152	12,454	33,883	38,607	5,461	4,508	
Norway.....	745,661	260,493	227,004	28,000	1,728	481,323	448,752	12,369	2,088	
Sweden.....	4,147,607	962,189	662,247	139,732	76,104	3,182,299	2,339,913	383,738	231,314	
Switzerland.....	24,040	23,328	23,328	4	720	375	375	71	1	
Turkey.....	2,550,287	1,238,970	630,346	259,766	23,856	1,059,667	840,131	16,680	127,168	
Africa, total.....	189	189	189	87	10,098	6,779	236	236	167	
Egypt.....	23,371	13,272	13,239	33	22,576	577,802	378,055	10,389	123,239	
Kenya.....	1,705,874	976,087	373,117	257,456	1,381	1,381	1,381	1,381	1,381	
Liberia.....	1,381	137,453	136,247	1,381	4,903	4,903	4,903	4,903	4,903	
Morocco.....	142,358	19,220	16,138	1,663	371	460,441	448,932	5,578	2,847	
Nigeria.....	478,758	1,190	757	441	65	2	63	63	911	
South Africa (including Namibia).....	1,263	1,263	1,263	1,263	4,734	4,734	4,734	4,734	4,734	
Zaire.....	4,734	4,734	4,734	4,734	4,734	4,734	4,734	4,734	4,734	
Zimbabwe.....	12,128,198	7,509,266	6,169,320	808,668	208,082	4,567,268	4,080,552	129,750	127,632	
Asia, total.....	1,591,048	897,531	600,006	47,605	143,194	858,555	444,202	29,245	50,743	
Hong Kong.....	1,591,048	897,531	600,006	47,605	143,194	858,555	444,202	29,245	50,743	
India.....	32,770	921	2	183	714	31,849	19,032	7,624	5,178	
Indonesia.....	107,901	99,312	39,388	6,408	48,754	1,736,138	1,610,662	37,213	51,062	
Japan.....	3,479,723	1,734,408	1,092,220	554,690	391	503,207	463,006	27,653	3,016	
Malaysia.....	1,596,898	1,093,603	981,253	24,302	2,165	235,135	226,941	2,936	814	
Philippines.....	384,061	148,926	137,264	8,884	11	7,623	58	14,686	8,805	
Saudi Arabia.....	23,679	16,256	849	15,310	11,539	565,615	538,428	80,177	584	
Singapore.....	2,687,695	259,174	219,526	38,452	10	225,255	202,359	2,000	1,906	
South Korea.....	345,949	230,658	173,325	17,335	1,300	480,687	480,687	455	190	
Taiwan.....	963,654	736,398	684,747	10	9,579	978,853	527,128	169,308	152,774	
Thailand.....	642,671	162,038	130,170	30,252	9,264	950,149	512,363	166,407	145,630	
Oceania, total.....	1,341,802	362,804	152,645	163,814	6	27,425	13,700	667	3,944	
Australia.....	1,341,802	362,804	152,645	163,814	6	27,425	13,700	667	3,944	
New Zealand.....	47,508	20,063	16,651	3,006						
Puerto Rico and U.S. Possessions, total.....	2,285,629	1,678,406	1,660,359	39,773	19,155	406,343	399,850	5,257	990	
Puerto Rico.....	2,285,629	1,678,406	1,660,359	39,773	19,155	406,343	399,850	5,257	990	
U.S. Virgin Islands.....	2,046,635	1,660,185	1,634,016	240	16,617	380,470	380,391	79	79	

Footnotes at end of table.

Table 3.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation--Continued
[Money amounts are in thousands of dollars]

Selected country of incorporation of 7,500 Largest Controlled Foreign Corporations	7,500 Largest Controlled Foreign Corporations--Continued									
	Selected receipts by foreign corporations from*					Any foreign corporation controlled by U.S. corporation filing return				
	All related persons	U.S. corporation filing return and its domestic subsidiaries	Any foreign corporation controlled by U.S. corporation filing return	U.S. corporation filing return and its domestic subsidiaries	Any foreign corporation controlled by U.S. corporation filing return	U.S. corporation filing return and its domestic subsidiaries	Any foreign corporation controlled by U.S. corporation filing return	U.S. corporation filing return and its domestic subsidiaries	Any foreign corporation controlled by U.S. corporation filing return	U.S. corporation filing return and its domestic subsidiaries
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
All geographic areas, total.....	150,042,967	92,450,687	80,644,292	4,187,446	15,490,666	10,394,797	56,122,819	40,885,436	4,331,497	5,802,344
Canada.....	31,993,664	27,696,480	22,731,347	1,465,060	2,394,697	701,061	4,166,930	1,969,197	446,373	844,556
Latin America, total.....	12,996,965	10,276,286	4,953,030	646,560	1,734,636	2,645,878	2,556,056	1,407,977	91,627	153,127
Mexico.....	6,237,082	6,073,598	3,123,632	549,062	122,194	2,219,514	162,348	123,415	5,599	16,005
Central America, total.....	2,196,945	1,323,505	438,963	57,548	38,963	190,425	721,289	249,581	46,928	27,478
Costa Rica.....	83,411	28,244	21,407	1,643	1,731	2,220	49,781	2,817	687	1,824
El Salvador.....	9,034	974	426	426	426	548	8,060	352	696	696
Guatemala.....	16,616	15,750	6,727	534	5,994	2,130	3,903	2,379	194	1,279
Honduras.....	86,573	65,105	54,448	10,325	10,325	10,325	10,325	10,325	10,325	10,325
Panama.....	1,995,632	1,212,191	356,147	54,139	558,457	185,314	651,289	174,871	433	125
Caribbean countries, total.....	311,310	251,107	123,877	9,044	13,789	61,049	53,452	7,963	4,678	25,032
Cayman Islands (British).....	225,569	191,673	106,424	8,005	8,869	60,274	29,153	4,967	4,678	5,845
Dominican Republic.....	27,333	8,148	1,266,558	32,806	1,022,184	174,691	1,598,970	1,107,018	19,185	70,487
South America, total.....	4,231,628	2,628,075	1,266,558	32,806	1,022,184	174,691	1,598,970	1,107,018	32,422	206,895
Argentina.....	485,315	361,421	220,287	11,043	61,298	37,950	123,295	63,512	6,180	25,370
Bolivia.....	2,882,655	1,640,504	677,136	4,163	795,235	104,362	1,238,985	903,724	15,024	167,322

Table 4.—U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and size of total assets of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations									
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income	
						Current earnings and profits before taxes	Foreign income taxes (net)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
All industries, total.....	714	7,500	740,395,879	989,884,940	56,590,619	62,966,595	19,229,025	19,034,715	21,730,762	4,223,316	
Under \$10,000,000.....	352	897	7,793,296	10,200,320	631,687	926,652	259,899	256,002	344,725	91,067	
\$10,000,000 under \$25,000,000.....	549	2,738	44,045,998	52,633,902	3,939,958	5,294,879	1,535,949	1,489,371	1,873,635	309,055	
\$25,000,000 under \$50,000,000.....	438	1,500	52,969,572	57,438,364	4,967,773	5,921,827	1,731,084	1,700,101	1,812,836	360,469	
\$50,000,000 under \$100,000,000.....	348	1,031	72,729,298	72,135,123	6,539,315	7,450,241	2,046,042	1,987,114	2,688,558	501,575	
\$100,000,000 or more.....	304	1,344	562,857,514	597,477,232	40,491,685	43,732,597	13,656,040	13,592,129	15,013,007	2,961,150	
Mining.....	26	118	6,545,122	3,472,424	850,714	1,036,577	500,499	483,043	553,954	107,026	
Under \$10,000,000.....	8	9	114,447	95,323	4,303	6,348	172	78	22,076	3,542	
\$10,000,000 under \$25,000,000.....	16	51	791,745	514,239	27,768	80,071	17,489	15,242	90,675	4,110	
\$25,000,000 under \$50,000,000.....	13	24	797,098	401,222	27,768	42,065	10,134	2,428	10,511	2,038	
\$50,000,000 under \$100,000,000.....	10	17	1,279,346	656,324	57,372	79,094	10,537	10,426	44,018	23,822	
\$100,000,000 or more.....	13	17	3,599,776	1,836,763	769,247	829,079	462,167	459,728	386,575	73,514	
Construction.....	11	61	2,714,072	2,166,376	181,484	219,067	50,275	39,800	91,461	28,163	
Under \$10,000,000.....	7	13	114,447	95,323	4,303	6,348	172	78	22,076	3,542	
\$10,000,000 under \$25,000,000.....	8	21	330,669	244,005	18,412	29,119	5,859	4,404	7,043	3,727	
\$25,000,000 under \$50,000,000.....	5	14	492,360	201,868	76,426	81,791	23,949	29,891	46,894	3,875	
\$50,000,000 under \$100,000,000.....	5	8	523,878	577,654	42,279	44,112	9,798	9,798	17,185	6,532	
\$100,000,000 or more.....	5	8	523,878	577,654	42,279	44,112	9,798	9,798	17,185	6,532	
Manufacturing.....	391	5,519	480,905,879	498,581,337	48,577,456	53,532,633	16,916,946	16,776,485	19,419,131	3,254,710	
Under \$10,000,000.....	245	567	6,023,750	8,819,757	559,630	776,123	227,964	225,890	307,374	77,223	
\$10,000,000 under \$25,000,000.....	347	2,081	33,535,226	43,372,983	3,475,338	4,777,030	1,313,289	1,273,636	1,572,469	246,235	
\$25,000,000 under \$50,000,000.....	290	1,112	39,020,932	47,003,253	4,198,030	4,890,789	1,479,458	1,454,476	1,606,626	265,672	
\$50,000,000 under \$100,000,000.....	216	754	52,853,245	62,111,346	5,937,140	6,583,457	1,874,344	1,829,397	2,365,082	408,418	
\$100,000,000 or more.....	186	885	349,472,723	337,273,998	34,387,318	36,805,233	12,021,891	11,993,085	13,565,581	2,227,161	
Food and kindred products.....	28	465	27,896,849	30,572,937	3,158,393	3,348,388	1,026,918	1,012,356	1,157,341	168,057	
Under \$10,000,000.....	18	55	476,724	815,567	41,692	52,104	14,229	14,005	28,006	16,723	
\$10,000,000 under \$25,000,000.....	24	174	2,811,289	4,121,915	258,942	377,182	97,517	88,549	102,886	7,657	
\$25,000,000 under \$50,000,000.....	19	103	3,610,387	5,505,375	328,670	381,199	118,231	114,182	119,056	9,318	
\$50,000,000 under \$100,000,000.....	20	67	4,632,882	5,469,571	668,058	680,273	222,752	222,771	253,810	12,429	
\$100,000,000 or more.....	17	66	16,365,567	14,640,508	1,852,831	1,913,631	573,890	572,849	653,562	122,920	
Chemicals and allied products.....	66	1,219	83,333,756	69,913,558	8,981,140	9,630,212	2,947,215	2,946,716	3,567,805	885,057	
Under \$10,000,000.....	51	164	1,440,907	1,948,440	179,314	240,275	68,590	69,421	144,747	32,686	
\$10,000,000 under \$25,000,000.....	59	502	8,076,884	9,492,814	1,056,853	1,268,476	376,806	371,879	489,419	78,303	
\$25,000,000 under \$50,000,000.....	53	223	7,694,747	10,160,342	1,016,689	1,114,417	371,507	373,475	407,329	81,281	
\$50,000,000 under \$100,000,000.....	40	166	11,857,119	11,553,170	1,432,378	1,575,194	459,245	461,558	478,248	98,651	
\$100,000,000 or more.....	37	164	54,264,099	36,758,792	5,275,905	5,431,850	1,671,067	1,670,383	2,048,061	593,156	
Petroleum (including integrated) and coal products.....	24	478	104,965,557	122,047,928	12,336,432	13,365,794	4,308,326	4,239,572	5,971,961	1,086,261	
Under \$10,000,000.....	10	27	239,937	404,258	29,030	33,180	12,472	12,473	142,415	45,480	
\$10,000,000 under \$25,000,000.....	21	145	2,366,218	4,182,901	169,923	340,970	100,410	97,510	142,415	45,480	
\$25,000,000 under \$50,000,000.....	19	89	3,142,811	4,086,309	481,179	543,221	121,865	120,016	261,320	71,580	
\$50,000,000 under \$100,000,000.....	16	67	4,713,216	8,217,164	592,152	697,741	198,695	198,803	688,200	111,951	
\$100,000,000 or more.....	19	150	94,503,374	105,157,297	11,064,148	11,750,682	3,874,883	3,803,769	4,877,001	857,063	
Fabricated metal products.....	21	200	6,250,780	6,727,735	798,808	848,042	254,700	258,937	350,807	7,589	
Under \$10,000,000.....	11	31	263,264	287,718	29,205	32,561	9,209	7,037	6,519	580	
\$10,000,000 under \$25,000,000.....	21	88	1,422,443	1,763,340	242,118	253,221	72,326	67,980	131,708	5,540	
\$25,000,000 under \$50,000,000.....	17	49	1,713,721	1,613,202	182,858	196,134	69,709	70,378	68,182	1,312	
\$50,000,000 under \$100,000,000.....	11	24	1,635,774	1,829,104	202,312	223,793	65,172	65,259	46,542	1,312	
\$100,000,000 or more.....	5	8	1,209,578	1,234,372	142,314	142,314	48,283	48,283	97,857	157	

Footnotes at end of table.

Table 4.—U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation—Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and size of total assets of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations									
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart income	
						Current earnings and profits before taxes	Foreign income taxes (net)				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Manufacturing—Continued											
Machinery, except electrical.....	45	725	69,531,377	58,664,442	8,821,770	9,625,964	3,600,264	3,523,516	3,747,000	198,933	
Under \$10,000,000.....	33	87	763,702	967,028	50,845	76,234	21,030	22,452	26,978	5,842	
\$10,000,000 under \$25,000,000.....	43	261	4,193,162	4,825,489	337,297	491,292	151,144	148,309	197,650	29,971	
\$25,000,000 under \$50,000,000.....	39	141	4,985,212	4,843,420	341,914	474,729	150,365	144,164	286,964	33,229	
\$50,000,000 under \$100,000,000.....	32	103	7,301,774	6,559,976	569,435	728,834	199,939	160,244	224,425	33,740	
\$100,000,000 or more.....	22	133	52,287,527	41,468,529	7,522,279	7,854,675	3,077,795	3,048,328	3,008,984	96,151	
Electrical and electronic equipment.....	44	713	48,874,023	46,842,782	4,112,571	4,713,012	1,037,296	1,023,696	1,143,683	269,031	
Under \$10,000,000.....	26	96	830,766	1,207,404	45,593	96,399	34,867	33,635	25,808	8,631	
\$10,000,000 under \$25,000,000.....	39	281	4,481,867	5,727,146	479,871	566,740	137,824	135,111	234,405	36,456	
\$25,000,000 under \$50,000,000.....	30	148	5,118,197	6,061,363	388,825	540,963	151,136	143,870	144,444	18,560	
\$50,000,000 under \$100,000,000.....	26	89	6,262,734	7,201,875	812,548	861,459	178,632	175,431	244,356	38,575	
\$100,000,000 or more.....	19	99	32,202,458	26,644,992	2,385,734	2,607,451	534,335	535,651	494,671	166,806	
Motor vehicles and equipment.....	14	268	63,075,879	81,901,610	3,279,031	3,854,659	1,294,430	1,364,034	1,437,032	166,616	
Under \$10,000,000.....	6	18	154,762	237,468	538	1,430	4,156	2,995	3,268	691	
\$10,000,000 under \$25,000,000.....	13	80	1,269,813	2,365,113	19,803	96,937	31,972	23,383	13,852	1,031	
\$25,000,000 under \$50,000,000.....	13	41	1,422,391	1,616,114	113,299	160,126	46,261	44,445	19,265	17,481	
\$50,000,000 under \$100,000,000.....	6	42	3,013,443	4,003,070	201,419	238,510	62,174	66,759	31,258	11,529	
\$100,000,000 or more.....	10	87	57,215,469	73,679,845	2,984,454	3,344,778	1,149,865	1,226,452	1,369,369	155,885	
Transportation and public utilities.....	66	381	24,873,374	9,964,847	1,110,436	1,398,410	301,793	305,100	421,004	248,194	
Under \$10,000,000.....	20	43	386,853	326,892	14,856	23,789	5,534	6,047	6,012	163	
\$10,000,000 under \$25,000,000.....	42	147	2,367,210	1,672,635	79,588	189,662	46,357	47,539	69,371	24,530	
\$25,000,000 under \$50,000,000.....	32	98	3,537,039	3,127,326	212,800	277,791	86,376	86,985	59,476	18,231	
\$50,000,000 under \$100,000,000.....	27	50	3,534,456	1,103,461	92,320	156,402	19,545	19,680	84,129	30,728	
\$100,000,000 or more.....	20	43	15,047,816	3,734,532	710,872	750,765	143,981	144,849	202,015	174,542	
Water transportation.....	5	51	1,467,742	60,788	631	49,041	528	1,044	—	608	
Under \$10,000,000.....	4	8	71,364	6,516	1,632	4,423	—	—	—	—	
\$10,000,000 under \$25,000,000.....	4	31	480,716	33,986	—	6,965	528	1,044	—	608	
\$25,000,000 under \$50,000,000.....	**	**	**	**	—	**	**	**	**	**	
\$50,000,000 under \$100,000,000.....	**	**	**	**	—	**	**	**	**	**	
\$100,000,000 or more.....	**	**	**	**	—	**	**	**	**	**	
Wholesale and retail trade.....	61	333	38,306,449	46,138,962	1,669,317	1,949,026	435,009	426,851	489,011	170,747	
Under \$10,000,000.....	21	33	291,920	405,696	14,396	34,528	3,692	3,325	2,795	5,715	
\$10,000,000 under \$25,000,000.....	41	124	1,902,037	4,705,744	130,205	189,950	67,194	66,602	72,277	4,628	
\$25,000,000 under \$50,000,000.....	29	70	2,707,017	4,292,747	191,836	235,022	49,546	47,286	57,167	27,791	
\$50,000,000 under \$100,000,000.....	21	70	4,236,467	7,996,361	74,966	175,368	43,721	40,536	21,000	9,958	
\$100,000,000 or more.....	15	59	30,168,021	31,738,616	1,256,075	1,514,158	270,656	269,107	333,772	124,655	
Wholesale trade.....	32	169	22,156,407	31,993,822	826,487	1,026,916	164,491	161,186	244,187	32,260	
Under \$10,000,000.....	10	15	1,311,632	207,338	3,725	6,981	583	528	1,102	3,715	
\$10,000,000 under \$25,000,000.....	21	66	1,051,760	3,580,582	59,271	91,459	31,649	25,966	36,363	1,636	
\$25,000,000 under \$50,000,000.....	14	33	1,295,587	3,345,790	74,887	99,969	23,040	23,680	20,441	6,365	
\$50,000,000 under \$100,000,000.....	11	24	1,663,448	3,905,263	14,176	95,415	23,406	21,678	20,659	2,659	
\$100,000,000 or more.....	6	30	10,813,939	20,954,562	682,138	734,091	85,350	85,013	187,097	20,650	
Finance, insurance, and real estate.....	119	871	179,847,139	25,555,032	3,863,201	4,142,392	866,010	843,291	578,365	362,347	
Under \$10,000,000.....	39	66	579,887	346,919	36,592	75,206	13,465	13,036	3,145	586	
\$10,000,000 under \$25,000,000.....	63	211	3,464,263	1,133,056	88,047	175,125	40,332	38,028	35,571	5,715	
\$25,000,000 under \$50,000,000.....	46	140	4,937,956	1,211,123	193,473	264,369	45,550	47,109	28,827	12,903	
\$50,000,000 under \$100,000,000.....	56	136	9,527,007	1,586,375	182,463	246,773	45,734	44,919	31,800	10,165	
\$100,000,000 or more.....	63	323	161,338,006	21,277,559	3,102,626	3,405,916	721,330	700,203	479,222	333,282	
Banking.....	41	444	114,681,555	11,765,996	1,752,667	469,544	485,777	218,286	197,270	105,000	
Under \$10,000,000.....	12	25	219,945	59,573	7,758	12,458	2,527	2,690	1,449	588	
\$10,000,000 under \$25,000,000.....	23	88	1,444,602	59,253	7,564	48,598	12,720	14,246	7,044	8	
\$25,000,000 under \$50,000,000.....	15	61	253,353	253,828	64,670	75,955	11,848	11,885	9,174	540	
\$50,000,000 under \$100,000,000.....	25	73	5,256,765	638,228	94,157	150,660	15,060	15,363	20,825	807	
\$100,000,000 or more.....	25	197	105,608,590	10,475,111	1,579,108	1,715,256	446,391	441,592	170,791	105,000	

Table 4.—U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations, by Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation—Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Business receipts (less deficit) before taxes	Foreign corporations with current earnings and profits (a) before taxes		Foreign income taxes (net)	Foreign income distributions in current year	Subpart F income
					Current earnings and profits before taxes	Current earnings and profits before taxes			
Finance, insurance, and real estate	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Continued									
Credit agencies other than banks...	14	62	14,454,206	1,799,863	295,778	335,293	44,879	46,791	118,299
Under \$10,000,000...	14	62	14,454,206	1,799,863	295,778	335,293	44,879	46,791	118,299
\$10,000,000 under \$25,000,000...	4	13	474,725	85,452	9,796	5,650	1,733	3,174	186
\$25,000,000 under \$50,000,000...	4	13	744,225	142,913	24,192	5,650	9,269	9,269	371
\$50,000,000 under \$100,000,000...	9	27	13,038,327	1,426,138	274,149	292,672	27,866	28,503	4,889
\$100,000,000 or more...	9	27	13,038,327	1,426,138	274,149	292,672	27,866	28,503	4,889
Insurance	39	176	23,506,769	4,487,431	364,697	557,106	68,321	67,663	158,573
Under \$10,000,000...	39	176	23,506,769	4,487,431	364,697	557,106	68,321	67,663	158,573
\$10,000,000 under \$25,000,000...	9	31	853,555	207,443	36,149	48,803	3,535	2,846	1,779
\$25,000,000 under \$50,000,000...	14	31	1,114,286	372,826	41,422	74,213	11,544	11,544	3,894
\$50,000,000 under \$100,000,000...	19	32	2,333,711	400,357	28,115	51,020	11,544	11,544	2,701
\$100,000,000 or more...	16	53	19,122,298	3,485,592	289,089	362,430	43,028	43,716	133,287
Holding and other investment companies, except bank holding companies...	4	19	1,072,292	2,005,361	184,213	188,769	44,704	44,790	9,204
Under \$10,000,000...	4	19	1,072,292	2,005,361	184,213	188,769	44,704	44,790	9,204
\$10,000,000 under \$25,000,000...	3	7	112,963	115,575	3,047	7,564	1,471	1,465	7,235
\$25,000,000 under \$50,000,000...	3	7	112,963	115,575	3,047	7,564	1,471	1,465	7,235
\$50,000,000 under \$100,000,000...	3	7	112,963	115,575	3,047	7,564	1,471	1,465	7,235
\$100,000,000 or more...	3	7	112,963	115,575	3,047	7,564	1,471	1,465	7,235
Services	38	193	6,506,722	3,442,282	534,595	619,133	142,617	143,970	175,254
Under \$10,000,000...	38	193	6,506,722	3,442,282	534,595	619,133	142,617	143,970	175,254
\$10,000,000 under \$25,000,000...	16	30	1,446,157	749,175	97,944	131,637	36,926	35,313	19,675
\$25,000,000 under \$50,000,000...	21	37	1,305,320	1,051,015	97,944	104,766	42,241	42,241	1,343
\$50,000,000 under \$100,000,000...	12	22	1,585,307	946,385	117,692	210,209	26,946	23,555	994
\$100,000,000 or more...	7	11	1,693,312	969,289	267,177	210,209	26,946	23,555	18,001
Business services	10	64	1,467,140	993,289	82,710	93,343	35,095	36,917	15,534
Under \$10,000,000...	10	64	1,467,140	993,289	82,710	93,343	35,095	36,917	15,534
\$10,000,000 under \$25,000,000...	4	12	104,102	50,966	13,603	15,652	18,607	20,438	847
\$25,000,000 under \$50,000,000...	8	41	689,198	197,212	14,074	14,694	18,607	20,438	1,731
\$50,000,000 under \$100,000,000...	4	7	238,516	531,581	14,074	14,694	18,607	20,438	1,731
\$100,000,000 or more...	4	7	238,516	531,581	14,074	14,694	18,607	20,438	1,731

*Data deleted to avoid disclosure of information for specific corporation, forestry, and fishing is not shown for U.S. parent corporations.
Note: Detail may not add to total because of rounding and because agriculture, forestry, and fishing is not shown for U.S. parent corporations.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
All industries, total										
All geographic areas, total.....	714	7,500	740,395,679	589,884,940	56,590,619	62,966,595	19,229,025	19,034,715	21,730,762	4,223,316
Canada.....	432	640	112,056,545	103,143,181	8,793,748	9,295,667	3,470,221	3,419,265	3,411,443	170,847
Latin America, total.....	289	959	62,768,032	45,957,256	5,121,667	6,372,419	1,389,464	1,388,833	2,286,426	535,888
Brazil.....	157	279	19,104,216	21,011,487	2,381,481	2,911,436	856,325	860,282	981,442	41,708
Ecuador.....	9	15	256,915	88,868	20,045	20,572	3,817	3,801	7,198	—
Mexico.....	97	150	6,229,439	6,667,206	945,232	470,143	136,412	124,603	139,066	11,614
Panama (Including Canal Zone).....	66	156	20,881,082	7,401,268	1,419,962	1,549,980	104,714	103,213	815,114	402,008
Venezuela.....	56	69	1,782,997	1,645,730	101,946	162,156	54,739	55,464	49,992	1,448
Other Western Hemisphere, total.....	329	623	85,135,354	24,219,911	3,366,919	4,140,277	337,651	336,392	1,662,388	1,792,742
The Bahamas.....	39	59	7,400,370	7,173,147	423,881	423,881	121,316	121,487	307,889	69,053
Bermuda.....	202	311	25,679,727	10,300,485	1,408,581	1,737,363	57,986	54,269	761,854	510,069
Netherlands Antilles.....	186	250	51,886,232	6,745,540	1,552,260	1,750,929	158,349	160,637	792,646	1,213,621
Europe, total.....	490	3,696	383,735,353	328,082,275	30,411,912	33,066,322	10,750,527	10,626,741	11,374,996	1,444,519
Austria.....	37	48	3,534,008	3,616,766	347,267	359,364	77,664	77,663	210,467	52,480
Belgium.....	128	205	17,675,089	15,293,609	1,498,992	1,546,741	518,273	521,992	436,424	203,430
Denmark.....	41	50	2,088,266	2,804,282	330,293	345,431	137,242	137,153	143,041	4
France (including Andorra).....	236	447	30,325,388	41,244,103	2,832,199	2,968,605	1,185,480	1,154,536	760,910	3,221
Italy (including San Marino).....	181	332	31,187,410	26,799,899	2,833,505	2,941,872	1,054,561	1,056,900	581,115	11,108
Luxembourg.....	23	29	4,648,678	1,077,087	100,828	129,295	45,312	47,864	45,813	4,427
Netherlands.....	188	338	28,515,126	23,648,159	2,441,280	2,692,462	434,528	404,975	513,341	70,937
Norway.....	33	39	2,062,359	3,167,047	292,610	316,436	116,240	112,663	51,166	2,861
Spain.....	124	177	12,636,103	11,267,678	945,225	1,169,126	312,251	311,363	376,638	2,818
Sweden.....	57	69	3,086,842	3,922,891	381,429	405,195	220,936	216,254	119,332	15,948
Switzerland.....	135	225	29,238,465	21,754,231	2,325,676	2,390,760	281,419	285,423	933,387	624,226
United Kingdom.....	381	1,058	146,804,566	97,260,536	9,798,051	10,885,116	3,564,157	3,495,719	4,905,001	238,214
West Germany.....	244	512	64,478,597	68,645,539	5,508,139	5,850,534	2,642,352	2,630,013	1,908,247	182,636
Africa, total.....	124	251	12,872,138	10,594,605	1,104,119	1,394,050	361,295	373,877	405,383	45,701
Liberia.....	46	89	6,815,184	2,052,434	163,842	336,708	6,023	6,196	41,936	45,343
South Africa (including Namibia).....	70	88	2,882,167	4,572,014	291,614	356,891	96,468	103,101	151,727	24
OPEC countries.....	11	14	1,531,707	1,761,971	448,084	457,285	171,108	174,346	151,831	—
Asia, total.....	228	671	51,810,343	52,443,853	5,751,421	6,330,512	2,245,480	2,246,048	1,804,528	181,278
Hong Kong.....	97	145	16,135,149	6,086,086	1,037,828	1,037,828	150,378	150,378	406,895	90,521
Indonesia.....	13	16	742,012	2,735,798	505,394	519,157	286,400	286,661	6,300	—
Japan (including Okinawa and Ryukyu).....	129	195	19,762,444	27,987,888	2,779,352	2,947,163	1,491,637	1,484,065	989,180	9,135
Middle East countries (excluding OPEC).....	16	23	691,150	400,624	60,417	65,550	10,317	12,084	7,596	4,491
OPEC countries (excluding Indonesia).....	10	12	1,098,155	179,065	46,316	53,551	127	6,121	42,156	100
Philippines.....	30	34	1,261,351	1,741,794	141,773	148,752	63,729	65,555	56,993	8,563
Oceania, total.....	199	374	26,785,963	19,849,060	1,556,018	1,657,595	562,972	550,144	440,587	49,204
Australia.....	195	321	24,644,794	17,964,722	1,411,112	1,689,413	498,157	485,091	396,144	49,120
Puerto Rico and U.S. Possessions, total.....	53	86	5,231,952	5,594,799	484,815	509,743	111,414	111,414	145,010	3,137
OPEC countries, total (included above).....	75	120	5,413,786	6,411,432	1,029,152	1,178,860	516,190	526,392	257,477	1,548
Tax haven countries, total (included above).....	485	1,629	207,460,524	96,447,277	12,225,729	13,916,413	1,521,661	1,497,262	5,033,452	3,229,172

Footnotes at end of table.

Table 1.-Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation - Continued
(Money amounts are in thousands of dollars)

Money amounts are in thousands of dollars										
Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Mining										
All geographic areas, total.....	26	118	6,545,122	3,472,424	850,714	1,036,677	500,499	483,043	553,954	107,026
Canada.....	8	11	595,668	171,623	5,842	25,429	3,803	1,947	10,976	-
Latin America, total.....	11	29	1,224,757	513,756	-1,676	69,452	16,657	12,072	213,133	17,508
Brazil.....	3	5	363,596	177,556	27,818	27,831	9,397	9,397	-	10,000
Ecuador.....	-	-	-	-	-	-	-	-	-	-
Mexico.....	8	15	711,283	205,045	-32,099	30,808	2,687	-871	208,832	7,417
Panama (including Canal Zone).....	-	-	-	-	-	-	-	-	-	-
Venezuela.....	-	-	-	-	-	-	-	-	-	-
Other Western Hemisphere, total.....	13	22	1,625,572	397,419	224,242	227,962	64,985	65,151	151,274	30,425
The Bahamas.....	-	-	-	-	-	-	-	-	-	-
Bermuda.....	10	11	490,409	62,119	34,845	38,272	3,525	3,525	28,012	21,112
Netherlands Antilles.....	7	9	641,579	55,622	19,872	20,164	2,272	2,438	1,762	9,313
Europe, total.....	15	39	2,362,519	2,112,735	586,282	667,051	414,775	403,413	170,139	56,936
Austria.....	-	-	-	-	-	-	-	-	-	-
Belgium.....	-	-	-	-	-	-	-	-	-	-
Denmark.....	-	-	-	-	-	-	-	-	-	-
France (including Andorra).....	-	-	-	-	-	-	-	-	-	-
Italy (including San Marino).....	-	-	-	-	-	-	-	-	-	-
Luxembourg.....	-	-	-	-	-	-	-	-	-	-
Netherlands.....	3	6	194,426	171,486	10,391	19,778	5,188	5,160	-	7,792
Norway.....	-	-	-	-	-	-	-	-	-	-
Spain.....	-	-	-	-	-	-	-	-	-	-
Sweden.....	-	-	-	-	-	-	-	-	-	-
Switzerland.....	-	-	-	-	-	-	-	-	-	-
United Kingdom.....	13	25	2,039,541	1,835,817	557,812	627,599	406,663	395,331	167,771	49,147
West Germany.....	-	-	-	-	-	-	-	-	-	-
Africa, total.....	3	11	606,397	215,863	26,122	30,532	297	304	-	2,155
Uganda.....	-	-	-	-	-	-	-	-	-	-
South Africa (including Namibia).....	3	10	589,053	215,863	26,528	30,532	297	304	-	2,155
OPEC countries.....	-	-	-	-	-	-	-	-	-	-
Asia, total.....	-	-	-	-	-	-	-	-	-	-
Hong Kong.....	-	-	-	-	-	-	-	-	-	-
Indonesia.....	-	-	-	-	-	-	-	-	-	-
Japan (including Okinawa and Ryukyu).....	-	-	-	-	-	-	-	-	-	-
Middle East countries (excluding OPEC).....	-	-	-	-	-	-	-	-	-	-
OPEC countries (excluding Indonesia).....	-	-	-	-	-	-	-	-	-	-
Philippines.....	-	-	-	-	-	-	-	-	-	-
Oceania, total.....	3	3	100,071	52,685	11,941	16,244	-	270	8,433	-
Australia.....	3	3	100,071	52,685	11,941	16,244	-	270	8,433	-
Puerto Rico and U.S. Possessions, total.....	-	-	-	-	-	-	-	-	-	-
OPEC countries, total (included above).....	-	-	-	-	-	-	-	-	-	-
Tax haven countries, total (included above).....	19	56	3,159,861	1,023,662	230,087	310,242	73,190	69,777	360,105	47,879

Footnotes at end of table.

Table 1.-Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation - Continued
(Money amounts are in thousands of dollars)

Selected Industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Metal mining										
All geographic areas, total.....	3	18	637,713	324,631	38,415	58,669	9,619	9,530	22,970	12,553
Canada.....	•	•	•	•	•	•	•	•	•	•
Latin America, total.....	—	—	—	—	—	—	—	—	—	—
Brazil.....	—	—	—	—	—	—	—	—	—	—
Ecuador.....	—	—	—	—	—	—	—	—	—	—
Mexico.....	—	—	—	—	—	—	—	—	—	—
Panama (including Canal Zone).....	—	—	—	—	—	—	—	—	—	—
Venezuela.....	—	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total.....	•	•	•	•	•	•	•	•	•	•
The Bahamas.....	•	•	•	•	•	•	•	•	•	•
Bermuda.....	•	•	•	•	•	•	•	•	•	•
Netherlands Antilles.....	•	•	•	•	•	•	•	•	•	•
Europe, total.....	3	10	234,262	204,045	23,155	27,770	6,830	6,741	5,596	7,792
Austria.....	—	—	—	—	—	—	—	—	—	—
Belgium.....	—	—	—	—	—	—	—	—	—	—
Denmark.....	—	—	—	—	—	—	—	—	—	—
France (including Andorra).....	—	—	—	—	—	—	—	—	—	—
Italy (including San Marino).....	—	—	—	—	—	—	—	—	—	—
Luxembourg.....	—	—	—	—	—	—	—	—	—	—
Netherlands.....	•	•	•	•	•	•	•	•	•	•
Norway.....	—	—	—	—	—	—	—	—	—	—
Spain.....	—	—	—	—	—	—	—	—	—	—
Sweden.....	—	—	—	—	—	—	—	—	—	—
Switzerland.....	—	—	—	—	—	—	—	—	—	—
United Kingdom.....	•	•	•	•	•	•	•	•	•	•
West Germany.....	•	•	•	•	•	•	•	•	•	•
Africa, total.....	—	—	—	—	—	—	—	—	—	—
Uganda.....	—	—	—	—	—	—	—	—	—	—
South Africa (including Namibia).....	—	—	—	—	—	—	—	—	—	—
OPEC countries.....	—	—	—	—	—	—	—	—	—	—
Asia, total.....	—	—	—	—	—	—	—	—	—	—
Hong Kong.....	—	—	—	—	—	—	—	—	—	—
Indonesia.....	—	—	—	—	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu).....	—	—	—	—	—	—	—	—	—	—
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	—	—	—	—	—	—	—	—	—	—
Oceania, total.....	•	•	•	•	•	•	•	•	•	•
Australia.....	•	•	•	•	•	•	•	•	•	•
Puerto Rico and U.S. Possessions, total.....	—	—	—	—	—	—	—	—	—	—
OPEC countries, total (included above).....	—	—	—	—	—	—	—	—	—	—
Tax haven countries, total (included above).....	3	7	265,975	148,740	20,090	24,290	4,459	4,348	1,697	12,553

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								Subpart F income
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Oil and gas extraction										
All geographic areas, total.....	17	87	5,213,453	2,909,780	769,976	933,851	487,356	471,253	530,984	75,221
Canada.....	4	5	183,785	73,568	4,697	7,231	1,154	562	3,731	—
Latin America, total.....	10	27	947,634	436,269	-21,096	50,032	14,261	9,676	213,133	7,508
Brazil.....	"	"	"	"	"	"	"	"	"	"
Ecuador.....	"	"	"	"	"	"	"	"	"	"
Mexico.....	"	"	"	"	"	"	"	"	"	"
Panama (including Canal Zone).....	7	14	622,593	127,559	-37,434	25,472	2,594	-963	208,832	7,417
Venezuela.....	"	"	"	"	"	"	"	"	"	"
Other Western Hemisphere, total.....	10	18	1,431,792	370,368	211,240	214,960	64,846	65,012	149,577	17,952
The Bahamas.....	"	"	"	"	"	"	"	"	"	"
Bermuda.....	7	8	353,046	40,484	24,023	27,451	3,525	3,525	28,012	10,679
Netherlands Antilles.....	6	8	575,163	50,226	17,692	17,984	2,132	2,296	65	7,273
Europe, total.....	9	26	2,087,157	1,831,559	558,489	634,644	407,114	395,841	164,544	49,147
Austria.....	"	"	"	"	"	"	"	"	"	"
Belgium.....	"	"	"	"	"	"	"	"	"	"
Denmark.....	"	"	"	"	"	"	"	"	"	"
France (including Andorra).....	"	"	"	"	"	"	"	"	"	"
Italy (including San Marino).....	"	"	"	"	"	"	"	"	"	"
Luxembourg.....	"	"	"	"	"	"	"	"	"	"
Netherlands.....	"	"	"	"	"	"	"	"	"	"
Norway.....	"	"	"	"	"	"	"	"	"	"
Spain.....	"	"	"	"	"	"	"	"	"	"
Sweden.....	"	"	"	"	"	"	"	"	"	"
Switzerland.....	"	"	"	"	"	"	"	"	"	"
United Kingdom.....	6	17	1,930,032	1,693,612	545,536	614,908	403,369	392,015	162,175	49,147
West Germany.....	"	"	"	"	"	"	"	"	"	"
Africa, total.....	"	"	"	"	"	"	"	"	"	"
Liberia.....	"	"	"	"	"	"	"	"	"	"
South Africa (including Namibia).....	"	"	"	"	"	"	"	"	"	"
OPEC countries.....	"	"	"	"	"	"	"	"	"	"
Asia, total.....	"	"	"	"	"	"	"	"	"	"
Hong Kong.....	"	"	"	"	"	"	"	"	"	"
Indonesia.....	"	"	"	"	"	"	"	"	"	"
Japan (including Okinawa and Ryukyu).....	"	"	"	"	"	"	"	"	"	"
Middle East countries (excluding OPEC).....	"	"	"	"	"	"	"	"	"	"
OPEC countries (excluding Indonesia).....	"	"	"	"	"	"	"	"	"	"
Philippines.....	"	"	"	"	"	"	"	"	"	"
Oceania, total.....	"	"	"	"	"	"	"	"	"	"
Australia.....	"	"	"	"	"	"	"	"	"	"
Puerto Rico and U.S. Possessions, total.....	"	"	"	"	"	"	"	"	"	"
OPEC countries, total (included above).....	"	"	"	"	"	"	"	"	"	"
Tax haven countries, total (included above).....	14	44	2,645,881	755,280	193,394	269,350	68,341	65,040	358,409	26,075

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected Industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F Income
						Earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
All other mining										
All geographic areas, total.....	6	13	693,956	238,012	42,322	44,157	3,524	2,260	--	19,252
Canada.....	*	*	*	*	*	*	*	*	*	*
Latin America, total.....	*	*	*	*	*	*	*	*	*	*
Brazil.....	*	*	*	*	*	*	*	*	*	*
Ecuador.....	*	*	*	*	*	*	*	*	*	*
Mexico.....	*	*	*	*	*	*	*	*	*	*
Panama (Including Canal Zone).....	*	*	*	*	*	*	*	*	*	*
Venezuela.....	*	*	*	*	*	*	*	*	*	*
Other Western Hemisphere, total.....	*	*	*	*	*	*	*	*	*	*
The Bahamas.....	*	*	*	*	*	*	*	*	*	*
Bermuda.....	*	*	*	*	*	*	*	*	*	*
Netherlands Antilles.....	*	*	*	*	*	*	*	*	*	*
Europe, total.....	3	3	41,100	77,151	4,638	4,638	831	831	--	--
Austria.....	--	--	--	--	--	--	--	--	--	--
Belgium.....	--	--	--	--	--	--	--	--	--	--
Denmark.....	--	--	--	--	--	--	--	--	--	--
France (including Andorra).....	--	--	--	--	--	--	--	--	--	--
Italy (including San Marino).....	--	--	--	--	--	--	--	--	--	--
Luxembourg.....	--	--	--	--	--	--	--	--	--	--
Netherlands.....	--	--	--	--	--	--	--	--	--	--
Norway.....	--	--	--	--	--	--	--	--	--	--
Spain.....	--	--	--	--	--	--	--	--	--	--
Sweden.....	--	--	--	--	--	--	--	--	--	--
Switzerland.....	--	--	--	--	--	--	--	--	--	--
United Kingdom.....	3	3	41,100	77,151	4,638	4,638	831	831	--	--
West Germany.....	--	--	--	--	--	--	--	--	--	--
Africa, total.....	*	*	*	*	*	*	*	*	*	*
Liberia.....	*	*	*	*	*	*	*	*	*	*
South Africa (including Namibia).....	*	*	*	*	*	*	*	*	*	*
OPEC countries.....	*	*	*	*	*	*	*	*	*	*
Asia, total.....	--	--	--	--	--	--	--	--	--	--
Hong Kong.....	--	--	--	--	--	--	--	--	--	--
Indonesia.....	--	--	--	--	--	--	--	--	--	--
Japan (including Okinawa and Ryukyu).....	--	--	--	--	--	--	--	--	--	--
Middle East countries (excluding OPEC).....	--	--	--	--	--	--	--	--	--	--
OPEC countries (excluding Indonesia).....	--	--	--	--	--	--	--	--	--	--
Philippines.....	--	--	--	--	--	--	--	--	--	--
Oceania, total.....	*	*	*	*	*	*	*	*	*	*
Australia.....	*	*	*	*	*	*	*	*	*	*
Puerto Rico and U.S. Possessions, total.....	--	--	--	--	--	--	--	--	--	--
OPEC countries, total (included above).....	--	--	--	--	--	--	--	--	--	--
Tax haven countries, total (included above).....	*	*	*	*	*	*	*	*	*	*

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
[Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation		Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
			Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
							Earnings and profits before taxes	Foreign income taxes (net)			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Construction											
All geographic areas, total.....		11	61	2,714,072	2,166,376	181,484	219,067	50,275	39,800	91,461	28,163
Canada.....		7	12	283,844	276,794	52,294	56,240	20,080	16,944	32,790	4,291
Latin America, total.....		4	15	545,894	176,667	64,942	65,350	11,411	11,411	16,238	—
Brazil.....		3	9	146,707	68,382	7,346	7,753	1,145	1,145	1,735	—
Ecuador.....		—	—	—	—	—	—	—	—	—	—
Mexico.....		—	—	—	—	—	—	—	—	—	—
Panama (including Canal Zone).....		—	—	—	—	—	—	—	—	—	—
Venezuela.....		—	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total.....		6	10	640,293	81,317	33,121	35,869	5,200	5,253	—	18,251
The Bahamas.....		—	—	—	—	—	—	—	53	—	7,484
Bermuda.....		5	7	215,137	37,448	13,098	15,845	—	5,200	—	10,767
Netherlands Antilles.....		3	3	425,157	43,869	20,023	20,023	5,200	—	40,561	5,622
Europe, total.....		7	15	1,030,553	1,573,017	31,502	56,721	12,068	-3,245	—	—
Austria.....		—	—	—	—	—	—	—	—	—	—
Belgium.....		—	—	—	—	—	—	—	—	—	—
Denmark.....		—	—	—	—	—	—	—	—	—	—
France (including Andorra).....		—	—	—	—	—	—	—	—	—	—
Italy (including San Marino).....		—	—	—	—	—	—	—	—	—	—
Luxembourg.....		—	—	—	—	—	—	—	—	—	—
Netherlands.....		3	3	303,342	591,690	-6,303	10,167	3,411	-10,414	10,211	202
Norway.....		—	—	—	—	—	—	—	—	—	—
Spain.....		—	—	—	—	—	—	—	—	—	—
Sweden.....		—	—	—	—	—	—	—	—	—	—
Switzerland.....		—	—	—	—	—	—	—	—	—	—
United Kingdom.....		3	3	79,684	74,323	1,355	10,103	398	-1,110	—	—
West Germany.....		—	—	—	—	—	—	—	—	—	—
Africa, total.....		—	—	—	—	—	—	—	—	—	—
Uganda.....		—	—	—	—	—	—	—	—	—	—
South Africa (including Namibia).....		—	—	—	—	—	—	—	—	—	—
OPEC countries.....		—	—	—	—	—	—	—	—	—	—
Asia, total.....		4	5	132,792	15,322	-1,351	1,607	91	6,033	1,025	—
Hong Kong.....		—	—	—	—	—	—	—	—	—	—
Indonesia.....		—	—	—	—	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu).....		—	—	—	—	—	—	—	—	—	—
Middle East countries (excluding OPEC).....		—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....		—	—	—	—	—	—	—	—	—	—
Philippines.....		—	—	—	—	—	—	—	—	—	—
Oceania, total.....		—	4	80,696	43,258	976	3,280	1,405	1,405	846	—
Australia.....		3	4	80,696	43,258	976	3,280	1,405	1,405	846	—
Puerto Rico and U.S. Possessions, total.....		—	—	—	—	—	—	—	—	—	—
OPEC countries, total (included above).....		—	—	—	—	—	—	—	—	—	—
Tax haven countries, total (included above).....		10	19	1,132,770	703,904	44,867	64,381	14,025	252	10,211	23,873

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
[Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								Subpart F Income
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Manufacturing										
All geographic areas, total.....	391	5,519	480,905,679	498,581,337	48,577,456	53,532,633	16,916,946	16,776,485	19,419,131	3,254,710
Canada.....	301	506	80,630,364	83,647,467	7,440,371	7,846,023	2,977,900	2,933,196	3,106,143	147,788
Latin America, total.....	199	704	43,650,012	37,429,661	4,425,076	5,435,346	1,204,039	1,202,129	1,915,248	467,194
Brazil.....	127	217	16,366,745	19,525,923	2,248,274	2,692,952	789,901	792,147	941,625	31,708
Ecuador.....	8	8	240,769	88,799	16,821	17,349	3,817	3,801	7,198	-
Mexico.....	87	136	5,155,379	5,784,089	113,612	402,968	119,687	124,685	124,685	11,614
Panama (including Canal Zone).....	50	85	11,749,289	3,168,319	1,231,379	1,262,126	72,800	74,459	569,273	360,807
Venezuela.....	49	59	1,614,447	1,563,960	90,417	150,508	48,307	49,032	46,206	1,448
Other Western Hemisphere, total.....	176	365	45,800,950	14,135,307	1,799,821	2,309,752	156,213	155,885	1,073,175	1,099,217
The Bahamas.....	15	25	3,408,669	2,776,588	3,366	223,065	30,697	30,779	61,477	56,484
Bermuda.....	127	196	14,435,583	7,462,640	914,717	1,085,619	41,318	40,665	624,271	403,619
Netherlands Antilles.....	96	142	27,798,886	3,876,076	899,290	1,001,068	84,199	84,442	387,427	639,135
Europe, total.....	317	2,659	249,672,425	285,957,572	27,141,169	29,193,943	9,611,254	9,525,924	10,702,705	1,300,816
Austria.....	29	39	2,463,529	3,414,943	333,635	344,360	72,322	72,260	208,007	52,480
Belgium.....	99	160	11,943,365	13,821,068	1,385,426	1,424,574	493,034	496,276	416,180	203,315
Denmark.....	35	42	1,881,777	2,175,351	321,698	338,422	135,623	135,534	139,210	4
France (including Andorra).....	196	379	23,863,778	37,656,084	2,530,654	2,837,584	1,141,046	1,111,114	741,553	3,221
Italy (including San Marino).....	144	278	19,016,182	23,449,179	2,602,332	2,688,210	929,992	933,301	560,443	11,108
Luxembourg.....	14	19	964,530	794,538	77,026	105,274	34,653	37,064	45,813	3,779
Netherlands.....	150	272	23,710,640	20,663,322	2,264,075	2,427,741	399,322	383,416	473,998	60,580
Norway.....	27	33	1,790,749	3,103,774	266,946	315,818	116,210	112,613	51,168	2,861
Spain.....	101	146	8,925,046	10,611,554	905,949	1,094,271	297,822	298,041	371,350	2,818
Sweden.....	49	60	2,718,828	3,805,227	383,064	398,843	219,074	214,388	118,669	15,948
Switzerland.....	162	216	15,744,314	14,516,737	1,901,339	1,944,854	253,201	257,058	809,436	585,781
United Kingdom.....	196	379	22,545,474	80,845,617	8,182,422	8,946,758	2,851,758	2,851,479	4,470,997	184,533
West Germany.....	248	435	47,734,963	63,800,677	5,004,121	5,333,383	2,468,724	2,471,225	1,818,602	142,168
Africa, total.....	91	174	9,495,192	9,011,021	1,004,194	1,219,364	333,669	333,213	342,226	37,491
Liberia.....	24	38	4,765,321	1,759,332	135,439	250,353	2,967	3,014	39,424	37,467
South Africa (including Namibia).....	62	80	2,068,842	3,760,254	240,359	304,999	76,377	83,010	107,580	24
OPEC countries.....	10	13	1,471,725	1,754,703	448,094	457,285	171,108	174,115	151,545	-
Asia, total.....	159	526	35,919,537	47,925,223	5,237,867	5,724,175	2,088,342	2,083,260	1,730,844	160,255
Hong Kong.....	52	77	5,095,228	4,053,232	534,053	638,670	80,811	80,996	364,465	69,498
Indonesia.....	9	11	659,841	2,722,175	504,055	515,554	285,982	285,744	5,858	-
Japan (including Okinawa and Ryukyu).....	108	168	17,897,588	26,932,443	2,717,458	2,851,511	1,437,307	1,429,623	977,155	9,135
Middle East countries (excluding OPEC).....	13	19	597,098	349,490	56,071	76,999	8,398	10,165	3,362	4,491
OPEC countries (excluding Indonesia).....	6	8	965,345	145,648	-30,191	18,647	-	52	42,156	100
Philippines.....	28	30	614,333	932,234	111,446	118,067	41,723	43,318	47,105	8,563
Oceania, total.....	144	250	13,282,634	15,273,878	1,102,563	1,353,610	455,800	443,149	404,280	39,380
Australia.....	140	213	12,328,374	13,684,977	982,710	1,212,088	406,959	394,216	361,699	39,304
Puerto Rico and U.S. Possessions, total.....	28	55	2,454,565	5,201,209	426,393	450,420	99,727	99,727	144,510	2,569
OPEC countries, total (included above).....	61	99	4,952,128	6,275,266	1,029,196	1,159,083	509,214	512,744	252,963	1,548
Tax haven countries, total (included above).....	272	1,173	118,326,079	68,237,381	9,261,830	10,374,169	1,122,506	1,112,889	3,869,515	2,411,408

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

"Top 7500" Controlled Foreign Corporations										
Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Food and kindred products										
All geographic areas, total.....	28	465	27,896,849	30,572,937	3,158,393	3,348,388	1,026,919	1,012,356	1,157,341	169,057
Canada.....	21	48	3,532,318	4,864,709	317,260	367,284	137,852	131,630	61,197	730
Latin America, total.....	71	19	1,946,731	2,074,224	256,097	277,241	61,850	63,286	105,559	28,237
Brazil.....	7	18	409,351	558,084	76,088	81,662	17,648	19,101	46,099	..
Ecuador.....	6	8	264,006	328,370	48,584	50,734	15,949	15,949	1,445	3,605
Mexico.....	6	8	317,349	89,601	36,702	37,993	231	1,134	18,744	18,171
Panama (including Canal Zone).....	6	10	218,286	254,698	20,326	22,892	4,778	3,777	13,712	..
Venezuela.....	7	10	4,968,927	466,506	112,252	141,720	18,705	19,062	120,242	48,402
Other Western Hemisphere, total.....	12	27	..	..	..	..	..	..	..	..
The Bahamas.....	6	10	456,968	224,722	57,058	57,763	4,101	4,101	111,444	30,361
Bermuda.....	9	17	4,511,959	241,783	55,194	83,957	14,604	14,961	8,798	16,040
Netherlands Antilles.....	9	17	..	..	..	..	..	..	..	..
Europe, total.....	24	258	13,873,028	19,294,426	1,720,646	1,798,556	509,483	499,263	530,137	48,802
Austria.....	6	24	677,701	1,224,009	77,075	78,851	24,921	24,913	13,093	..
Belgium.....	5	6	175,669	251,395	17,743	17,743	6,593	6,593	5,277	4
Denmark.....	15	39	1,875,296	3,559,584	172,729	179,902	81,863	81,863	11,589	..
France (including Andorra).....	6	8	966,184	1,628,042	154,245	157,405	55,172	55,988	35,059	..
Italy (including San Marino).....	13	35	2,243,769	2,145,969	231,208	237,250	59,462	61,089	100,345	545
Netherlands.....	12	20	509,782	781,526	83,964	94,743	23,432	23,350	28,643	3
Norway.....	6	7	371,354	803,691	74,441	74,441	7,652	7,652	5,871	3,453
Sweden.....	16	51	4,659,203	5,096,499	570,224	580,745	129,730	129,622	140,601	44,078
Switzerland.....	15	37	1,523,772	2,946,944	191,301	224,367	113,556	103,087	99,683	25
United Kingdom.....	5	11	293,786	172,816	45,729	47,579	8,642	8,642	11,276	2
West Germany.....	11	24	1,173,302	2,492,548	359,184	364,577	146,979	147,063	178,803	38,122
Africa, total.....	3	4	843,112	297,982	83,622	83,622	113	113	46,548	38,116
Liberia.....	7	9	743,609	1,911,912	246,352	249,593	134,991	134,991	117,261	6
South Africa (including Namibia).....	4	5	80,990	134,122	10,251	10,251	3,339	3,339	1,692	..
OPEC countries.....	10	25	2,098,724	1,175,567	344,933	349,138	142,398	142,398	150,127	6,762
Asia, total.....	10	25	2,098,724	1,175,567	344,933	349,138	142,398	142,398	150,127	6,762
Hong Kong.....	7	9	743,609	1,911,912	246,352	249,593	134,991	134,991	117,261	6
Indonesia.....	4	5	80,990	134,122	10,251	10,251	3,339	3,339	1,692	..
Japan (including Okinawa and Ryukyu).....	10	25	2,098,724	1,175,567	344,933	349,138	142,398	142,398	150,127	6,762
Middle East countries (excluding OPEC).....	10	25	2,098,724	1,175,567	344,933	349,138	142,398	142,398	150,127	6,762
OPEC countries (excluding Indonesia).....	10	25	2,098,724	1,175,567	344,933	349,138	142,398	142,398	150,127	6,762
Philippines.....	10	25	2,098,724	1,175,567	344,933	349,138	142,398	142,398	150,127	6,762
Oceania, total.....	7	11	234,353	259,396	21,207	23,773	4,863	3,861	13,712	..
Puerto Rico and U.S. Possessions, total.....	7	11	234,353	259,396	21,207	23,773	4,863	3,861	13,712	..
OPEC countries, total (included above).....	7	11	234,353	259,396	21,207	23,773	4,863	3,861	13,712	..
Tax haven countries, total (included above).....	20	93	8,601,709	4,162,306	556,521	599,693	88,248	91,219	300,852	113,671

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Chemicals and allied products										
All geographic areas, total.....	66	1,219	83,333,756	69,913,558	8,961,140	9,630,212	2,947,215	2,946,716	3,567,805	805,057
Canada.....	55	99	7,810,629	7,848,832	882,052	942,602	321,448	320,117	506,770	20,718
Latin America, total.....	44	187	9,427,173	6,466,935	1,161,963	1,301,211	266,657	269,141	378,099	146,164
Brazil.....	36	58	3,510,811	3,142,354	513,154	558,365	126,215	125,580	149,253	2,001
Ecuador.....	26	37	1,004,806	1,178,156	97,125	127,828	57,422	56,652	60,280	8,000
Mexico.....	14	24	2,325,000	825,322	404,632	410,632	38,225	38,009	120,463	128,485
Panama (including Canal Zone).....	15	17	282,995	280,125	22,814	36,799	12,830	14,245	11,607	708
Venezuela.....	33	63	6,662,866	1,034,961	390,558	425,131	9,164	9,597	105,479	154,855
Other Western Hemisphere, total.....	3	3	260,812	315,326	40,081	40,081	265	265	7,300	1,306
The Bahamas.....	25	39	3,122,451	504,743	235,042	269,215	1,962	2,395	26,644	65,491
Bermuda.....	15	21	3,279,604	214,912	115,834	115,834	6,937	6,937	71,534	88,058
Netherlands Antilles.....	56	632	50,557,254	44,702,171	5,414,694	5,736,650	1,995,344	1,989,035	2,238,016	535,161
Europe, total.....	33	52	2,973,748	3,402,389	303,931	313,829	110,838	114,319	78,183	36,682
Austria.....	4	4	147,913	176,927	25,528	25,528	8,845	8,845	3,274	-
Belgium.....	47	96	4,332,917	6,623,731	648,869	698,056	304,423	306,198	151,542	12
France (including Andorra).....	39	74	3,700,407	3,972,446	469,828	505,496	148,766	149,777	78,752	1,179
Italy (including San Marino).....	3	5	351,157	213,335	38,098	49,168	17,726	19,443	36,907	1,374
Luxembourg.....	31	48	3,909,619	3,487,227	390,429	399,863	89,934	91,148	47,056	3,461
Netherlands.....	30	39	1,383,077	1,649,552	129,057	136,532	31,682	31,682	52,503	210
Sweden.....	10	12	375,569	742,539	16,010	17,679	9,798	10,326	4,208	2
Switzerland.....	26	55	6,192,550	4,976,601	939,033	941,538	62,481	62,888	562,226	402,487
United Kingdom.....	46	126	20,567,121	11,073,999	1,452,727	1,597,065	864,085	848,219	759,548	75,290
West Germany.....	41	85	5,026,923	7,578,335	768,453	812,105	322,044	321,375	423,637	4,520
Africa, total.....	23	36	972,999	925,389	115,767	127,375	38,341	38,604	26,270	3
Liberia.....	19	23	440,178	614,929	41,333	46,142	12,410	12,673	10,837	3
South Africa (including Namibia).....	40	140	6,234,023	6,205,971	751,243	793,756	249,667	252,996	245,446	23,515
OPEC countries.....	14	18	588,498	663,293	73,511	77,700	13,917	13,917	75,507	9,161
Asia, total.....	3	4	57,677	50,074	-5,619	927	15	401	600	-
Hong Kong.....	31	52	4,172,606	3,928,215	514,092	533,109	189,474	190,973	100,430	9,016
Indonesia.....	4	4	67,792	57,589	22,931	22,931	4,568	4,568	3,362	4,491
Japan (including Okinawa and Ryukyu).....	8	9	189,821	325,940	39,785	40,446	14,602	15,156	20,333	-
Middle East countries (excluding OPEC).....	33	53	1,335,924	1,591,086	132,819	169,842	43,818	44,451	57,649	2,229
OPEC countries (excluding Indonesia).....	33	43	1,208,638	1,417,369	119,487	155,851	39,514	39,866	54,471	2,229
Philippines.....	8	9	189,821	325,940	39,785	40,446	14,602	15,156	20,333	-
Oceania, total.....	33	53	1,335,924	1,591,086	132,819	169,842	43,818	44,451	57,649	2,229
Australia.....	33	43	1,208,638	1,417,369	119,487	155,851	39,514	39,866	54,471	2,229
Puerto Rico and U.S. Possessions, total.....	8	9	332,889	1,136,192	131,644	131,644	22,776	22,776	10,076	2,412
OPEC countries, total (included above).....	17	26	552,616	473,562	48,056	68,801	21,950	23,735	34,594	708
Tax haven countries, total (included above).....	49	235	21,895,479	11,507,267	2,321,733	2,398,543	235,724	239,280	950,411	707,221

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Money amounts are in thousands of dollars										
Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F Income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Petroleum (including integrated) and coal products										
All geographic areas, total.....	24	478	104,965,557	122,047,920	12,336,432	13,365,794	4,308,326	4,239,572	5,971,961	1,086,261
Canada.....	19	54	25,105,014	14,709,739	2,498,938	2,520,571	918,141	917,179	1,367,664	87,005
Latin America, total.....	13	49	10,118,569	9,116,658	920,833	976,675	103,486	104,526	185,225	1,235
Brazil.....	9	15	1,240,416	5,073,694	187,059	187,238	63,660	63,955	44,347	1,235
Ecuador.....	1	1	1	1	1	1	1	1	1	1
Mexico.....	5	14	7,824,987	1,848,876	707,381	707,408	19,477	19,477	292,934	179,557
Panama (including Canal Zone).....	1	1	1	1	1	1	1	1	1	1
Venezuela.....	5	14	7,824,987	1,848,876	707,381	707,408	19,477	19,477	292,934	179,557
Other Western Hemisphere, total.....	21	78	14,689,954	8,966,272	416,865	767,988	78,156	77,147	521,380	360,997
The Bahamas.....	5	15	2,942,474	2,383,955	98,497	121,201	29,656	29,738	14,597	53,879
Bermuda.....	12	44	5,835,595	5,768,337	271,682	383,429	20,908	19,818	375,036	155,161
Netherlands Antilles.....	12	17	5,754,073	613,980	261,234	263,358	27,592	27,592	131,747	151,957
Europe, total.....	20	181	37,873,629	63,567,004	6,118,206	6,461,804	2,241,272	2,172,003	2,918,289	397,603
Austria.....	3	6	461,807	1,236,738	138,742	138,742	21,463	21,463	163,157	51,285
Belgium.....	6	8	1,255,421	2,615,055	303,374	304,855	113,937	113,605	169,017	119,654
Denmark.....	4	5	215,222	301,066	25,270	30,700	1,056	1,056	96,825	150
France (including Andorra).....	6	15	3,174,873	8,913,728	308,981	354,868	110,603	74,664	3,631	128
Luxembourg.....	4	8	1,664,498	6,930,069	188,850	188,850	24,760	24,760	3,631	128
Netherlands.....	9	19	5,144,381	3,801,276	110,664	145,577	-23,358	-20,377	1,200	15,583
Norway.....	7	9	606,049	1,331,566	98,947	138,608	49,688	49,688	1,470	2,861
Spain.....	4	6	193,815	417,379	25,849	25,849	6,824	6,824	1,793	15,925
Sweden.....	3	3	342,665	355,946	54,660	54,660	28,343	28,343	6,359	32,075
Switzerland.....	4	6	631,071	819,129	76,508	76,998	11,592	11,592	2,076,399	32,042
United Kingdom.....	17	63	15,400,837	20,125,953	3,430,306	3,559,431	1,035,858	999,891	2,076,399	127,900
West Germany.....	9	21	8,213,093	14,038,534	1,236,900	1,282,520	819,933	819,920	242,151	29,618
Africa, total.....	13	55	6,211,097	5,827,313	648,320	787,947	194,093	203,042	242,151	29,618
Liberia.....	11	22	3,770,521	1,356,568	68,295	173,286	2,906	2,887	26,674	29,618
South Africa (including Namibia).....	5	7	1,371,097	1,843,941	423,913	431,093	159,396	161,929	143,288	25,606
OPEC countries, total.....	9	40	8,378,137	14,419,964	1,572,355	1,646,281	717,700	710,196	475,266	25,606
Asia, total.....	4	13	2,969,503	1,540,813	285,348	340,331	50,152	50,170	203,691	2,579
Hong Kong.....	3	7	3,274,951	7,353,125	513,733	528,060	289,716	282,181	155,339	2,579
Indonesia.....	3	7	3,274,951	7,353,125	513,733	528,060	289,716	282,181	155,339	2,579
Japan (including Okinawa and Ryukyu).....	3	7	3,274,951	7,353,125	513,733	528,060	289,716	282,181	155,339	2,579
Middle East countries (excluding OPEC).....	3	7	3,274,951	7,353,125	513,733	528,060	289,716	282,181	155,339	2,579
OPEC countries (excluding Indonesia).....	3	7	3,274,951	7,353,125	513,733	528,060	289,716	282,181	155,339	2,579
Philippines.....	5	14	1,295,509	2,986,425	101,981	121,141	28,650	28,650	18,935	207
Oceania, total.....	5	14	1,295,509	2,986,425	101,981	121,141	28,650	28,650	18,935	207
Australia.....	3	8	1,022,614	2,423,886	87,084	87,084	25,924	25,924	32,789	207
Puerto Rico and U.S. Possessions, total.....	3	7	1,293,647	2,454,552	58,933	61,406	26,828	26,828	147,538	699,154
OPEC countries, total (included above).....	6	12	1,954,251	4,284,828	936,713	945,087	443,491	446,023	147,538	699,154
Tax haven countries, total (included above).....	23	172	36,691,963	20,987,011	1,900,772	2,449,607	179,398	181,382	1,278,862	699,154

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F Income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Primary metal industries										
All geographic areas, total.....	23	208	11,490,847	11,366,312	391,450	821,587	168,758	172,463	190,393	100,219
Canada.....	15	37	2,021,273	1,391,974	139,370	143,671	54,806	56,143	14,952	—
Latin America, total.....	10	22	908,900	713,558	-288,477	79,106	7,227	7,227	5,352	13,742
Brazil.....	4	5	397,993	402,348	-336,462	23,818	201	201	872	64
Ecuador.....	1	1	1	1	1	1	1	1	1	1
Mexico.....	5	14	7,824,987	1,848,876	707,381	707,408	19,477	19,477	292,934	179,557
Panama (including Canal Zone).....	1	1	1	1	1	1	1	1	1	1
Venezuela.....	4	6	315,617	102,130	18,875	19,920	842	842	—	11,835
Other Western Hemisphere, total.....	12	28	1,631,323	156,277	75,461	80,767	390	390	4,700	62,663
The Bahamas.....	5	15	2,942,474	2,383,955	98,497	121,201	29,656	29,738	14,597	53,879
Bermuda.....	12	16	437,358	54,559	20,102	24,866	—	—	1,200	12,898
Netherlands Antilles.....	4	11	1,097,308	94,624	53,641	54,182	390	390	3,500	48,486
Europe, total.....	16	94	4,530,856	7,681,888	283,701	325,592	70,966	72,560	136,968	16,327
Austria.....	3	6	461,807	1,236,738	138,742	138,742	21,463	21,463	163,157	51,285
Belgium.....	5	8	1,255,421	2,615,055	303,374	304,855	113,937	113,605	169,017	119,654
Denmark.....	4	5	215,222	301,066	25,270	30,700	1,056	1,056	96,825	150
France (including Andorra).....	6	15	3,174,873	8,913,728	308,981	354,868	110,603	74,664	3,631	128
Luxembourg.....	4	8	1,664,498	6,930,069	188,850	188,850	24,760	24,760	3,631	128
Netherlands.....	9	19	5,144,361	3,801,276	110,664	145,577	-23,358	-20,377	1,200	15,583
Norway.....	7	9	605,049	1,331,566	98,947	138,608	49,688	49,688	1,470	2,861
Spain.....	4	6	193,815	417,379	25,849	25,849	6,824	6,824	1,793	15,925
Sweden.....	3	3	342,665	355,946	54,660	54,660	28,343	28,343	6,359	32,042
Switzerland.....	4	6	631,071	819,129	76,508	76,508	11,592	11,592	2,076,399	127,900
United Kingdom.....	17	63	15,400,837	20,125,953	3,430,306	3,559,431	1,035,858	999,891	2,076,399	127,900
West Germany.....	9	21	8,213,093	14,038,534	1,236,900	1,282,520	819,933	819,920	242,151	29,618
Africa, total.....	13	22	6,211,097	5,827,313	648,320	787,947	194,093	203,042	26,674	29,618
Liberia.....	11	55	3,770,521	1,356,568	68,295	173,286	2,908	2,887	26,674	29,618
South Africa (including Namibia).....	5	7	1,371,097	1,843,941	423,913	431,093	159,396	161,929	143,288	25,606
OPEC countries, total.....	9	40	8,378,137	14,419,964	1,572,355	1,646,281	717,700	710,196	475,266	25,606
Asia, total.....	4	13	2,969,503	1,540,813	285,348	340,331	50,152	50,170	203,691	2,579
Hong Kong.....	3	7	3,274,951	7,353,125	513,733	528,060	289,716	282,181	155,339	2,579
Japan (including Okinawa and Ryukyu).....	3	7	3,274,951	7,353,125	513,733	528,060	289,716	282,181	155,339	2,579
Middle East countries (excluding OPEC).....	3	7	3,274,951	7,353,125	513,733	528,060	289,716	282,181	155,339	2,579
OPEC countries (excluding Indonesia).....	3	7	3,274,951	7,353,125	513,733	528,060	289,716	282,181	155,339	2,579
Philippines.....	5	14	1,295,509	2,986,425	101,981	121,141	28,650	28,650	18,935	207
Oceania, total.....	5	14	1,295,509	2,986,425	101,981	121,141	28,650	28,650	18,935	207
Australia.....	3	8	1,022,614	2,423,886	87,084	87,084	25,924	25,924	32,789	207
Puerto Rico and U.S. Possessions, total.....	3	7	1,293,647	2,454,552	58,933	61,408	26,828	26,828	147,538	699,154
OPEC countries, total (included above).....	6	12	1,954,251	4,284,828	936,713	945,087	443,491	446,023	147,538	699,154
Tax haven countries, total (included above).....	17	59	3,365,300	1,134,988	207,038	236,068	14,651	14,719	113,358	89,854

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Money amounts are in thousands of dollars										
Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
Machinery, except electrical										
All geographic areas, total.....	45	725	69,531,377	58,664,442	8,821,770	9,825,964	3,600,264	3,523,516	3,747,000	196,933
Canada.....	37	63	5,810,257	5,213,130	649,018	705,940	304,510	293,463	246,126	10,080
Latin America, total.....	26	92	5,283,302	3,126,239	699,749	810,552	333,310	334,296	403,944	17,562
Brazil.....	18	25	2,881,852	1,807,939	551,870	577,941	263,762	264,396	161,209	204
Ecuador.....	13	19	771,285	588,479	11,667	48,991	14,330	13,554	45,826	2,726
Mexico.....	7	13	304,617	74,002	9,756	13,207	4,952	5,924	117,302	—
Panama (including Canal Zone).....	8	10	272,755	99,616	11,798	23,367	9,151	9,308	4,395	—
Venezuela.....	22	44	3,242,832	695,833	123,598	185,797	18,367	18,367	85,445	103,489
Other Western Hemisphere, total.....	16	24	1,009,739	395,296	102,015	106,874	8,743	8,743	46,416	39,390
The Bahamas.....	15	19	2,224,496	277,236	15,224	72,563	8,721	8,721	33,029	64,099
Bermuda.....	43	407	45,880,141	38,246,590	5,938,167	6,394,521	2,246,105	2,177,064	2,335,383	57,164
Netherlands Antilles.....	9	10	614,211	477,116	70,796	70,796	34,417	26,633	17,969	16,764
Europe, total.....	13	21	1,870,314	1,926,541	200,812	211,005	58,613	93,865	124,571	—
Austria.....	7	9	712,259	609,292	193,687	193,687	93,865	351,605	369,839	461
Belgium.....	29	53	6,223,172	5,926,516	777,202	900,592	353,215	427,543	325,825	—
Denmark.....	19	34	4,617,198	3,414,754	1,066,825	1,074,282	427,498	427,498	—	—
France (including Andorra).....	—	—	—	—	—	—	—	—	—	—
Italy (including San Marino).....	26	44	3,247,982	2,169,361	414,014	469,228	107,419	89,903	59,439	3,682
Luxembourg.....	7	8	423,312	430,427	86,180	87,813	35,650	35,041	25,487	—
Netherlands.....	12	17	1,465,430	1,496,254	285,742	386,359	117,437	117,393	166,364	1,495
Norway.....	15	17	1,051,518	990,782	220,970	225,553	127,155	126,680	81,266	13,492
Spain.....	17	27	3,404,646	2,664,549	268,146	295,498	75,602	78,057	186,375	308
Sweden.....	37	54	11,048,801	10,595,518	938,732	1,125,965	295,654	248,043	373,081	—
Switzerland.....	31	53	9,990,653	6,776,082	1,090,498	1,128,170	464,370	459,267	392,057	—
United Kingdom.....	13	17	493,698	578,773	81,731	84,795	40,990	40,767	10,554	—
West Germany.....	—	—	—	—	—	—	—	—	—	—
Africa, total.....	11	12	395,085	535,947	73,916	74,969	36,569	35,872	7,372	—
Liberia.....	3	3	63,054	34,875	4,356	6,367	2,607	3,081	3,182	—
South Africa (including Namibia).....	24	66	7,205,248	6,764,616	1,128,703	1,220,660	572,798	576,394	601,135	8,338
OPEC countries.....	8	9	457,436	324,120	37,760	39,232	3,195	3,195	11,750	6,567
Asia, total.....	3	3	38,650	30,361	1,155	1,155	—	—	785	—
Hong Kong.....	15	17	4,498,756	7,358,847	959,726	978,433	532,146	532,266	512,173	2
Indonesia.....	23	31	1,532,335	1,897,940	169,851	192,193	78,622	77,581	49,744	2,301
Japan (including Okinawa and Ryukyu).....	23	26	1,376,674	1,715,630	122,300	144,841	56,048	55,007	36,674	2,301
Middle East countries (excluding OPEC).....	5	5	83,563	121,320	28,953	31,507	5,561	5,561	14,668	—
OPEC countries (excluding Indonesia).....	11	19	1,225,516	184,785	21,069	37,290	13,810	15,458	15,874	—
Philippines.....	38	170	11,930,984	6,811,091	968,371	1,174,960	257,271	243,989	553,704	167,320
Oceania, total.....										
Australia.....										
Puerto Rico and U.S. Possessions, total.....										
OPEC countries, total (included above).....										
Tax haven countries, total (included above).....										

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Electrical and electronic equipment										
All geographic areas, total.....	44	713	46,874,023	46,842,782	4,112,571	4,713,012	1,037,296	1,023,698	1,143,683	269,031
Canada.....	33	62	5,346,156	5,079,079	460,258	486,766	136,712	136,355	88,334	3,312
Latin America, total.....	21	63	2,499,861	1,964,091	365,050	396,384	59,817	62,321	65,575	21,795
Brazil.....	10	18	1,137,289	1,206,019	233,336	233,597	49,359	49,573	41,575	6,656
Ecuador.....	14	21	408,823	380,175	17,939	36,017	7,456	9,599	6,499	—
Mexico.....	14	21	408,823	380,175	17,939	36,017	7,456	9,599	6,499	—
Panama (including Canal Zone).....	14	21	408,823	380,175	17,939	36,017	7,456	9,599	6,499	—
Venezuela.....	14	21	408,823	380,175	17,939	36,017	7,456	9,599	6,499	—
Other Western Hemisphere, total.....	14	31	4,871,983	598,236	226,457	227,031	3,776	3,780	89,341	118,324
The Bahamas.....	14	31	4,871,983	598,236	226,457	227,031	3,776	3,780	89,341	118,324
Bermuda.....	11	16	1,397,622	234,934	127,692	128,266	2,236	2,240	26,000	26,943
Netherlands Antilles.....	8	14	3,463,372	359,025	97,084	97,084	1,666	1,666	63,341	91,381
Europe, total.....	35	393	29,146,505	29,590,289	2,324,320	2,699,084	621,664	621,060	775,294	106,742
Austria.....	4	5	252,511	314,829	7,725	16,952	4,144	4,144	3,040	—
Belgium.....	7	10	970,436	1,102,912	72,982	72,993	21,395	20,924	4,951	—
Denmark.....	5	7	319,392	311,694	5,585	14,869	6,631	6,542	424	—
France (including Andorra).....	25	46	1,459,135	2,375,317	48,572	66,818	32,340	33,622	8,230	2,474
Italy (including San Marino).....	18	46	2,700,832	2,440,575	200,733	221,851	70,598	72,314	37,144	9,084
Luxembourg.....	17	40	3,877,503	5,009,418	689,890	706,086	104,314	102,134	81,910	22,025
Netherlands.....	17	40	3,877,503	5,009,418	689,890	706,086	104,314	102,134	81,910	22,025
Norway.....	7	14	895,244	826,005	92,619	25,990	3,903	4,242	20,155	1,010
Spain.....	5	8	288,774	449,960	38,018	45,039	23,998	20,290	12,327	—
Sweden.....	13	17	2,178,622	2,055,433	270,381	270,938	30,279	30,279	68,763	62,301
Switzerland.....	29	87	6,470,317	5,918,535	425,116	494,523	101,351	109,148	199,084	7,211
United Kingdom.....	27	83	6,658,944	8,425,485	528,394	606,475	210,239	208,342	280,540	112
West Germany.....	5	8	101,956	115,779	15,271	15,271	6,016	6,016	10,574	—
Africa, total.....	5	7	87,982	115,779	14,576	14,576	6,009	6,009	9,574	—
Liberia.....	5	7	87,982	115,779	14,576	14,576	6,009	6,009	9,574	—
South Africa (including Namibia).....	5	7	87,982	115,779	14,576	14,576	6,009	6,009	9,574	—
OPEC countries.....	5	7	87,982	115,779	14,576	14,576	6,009	6,009	9,574	—
Asia, total.....	24	101	5,780,743	8,309,022	649,213	784,903	166,179	159,077	90,974	18,857
Hong Kong.....	6	8	238,070	455,935	16,756	28,386	3,259	3,426	5,409	387
Indonesia.....	16	24	1,747,981	2,361,271	198,917	240,297	127,930	122,030	65,065	—
Japan (including Okinawa and Ryukyu).....	13	16	157,243	134,889	13,306	8,433	3,414	2,727	—	—
Middle East countries (excluding OPEC).....	4	6	91,175	64,191	5,648	5,648	—	—	8,516	100
OPEC countries (excluding Indonesia).....	6	6	114,778	188,279	2,657	3,042	722	1,808	483	—
Philippines.....	6	6	114,778	188,279	2,657	3,042	722	1,808	483	—
Oceania, total.....	15	30	774,296	1,004,876	30,034	59,605	22,842	16,800	21,860	—
Australia.....	15	27	733,293	940,045	22,389	51,960	19,654	13,611	20,826	—
Puerto Rico and U.S. Possessions, total.....	3	25	352,522	190,610	41,967	41,967	18,290	18,290	1,710	—
OPEC countries, total (included above).....	3	9	235,561	119,926	8,607	8,606	666	813	11,516	100
Tax haven countries, total (included above).....	30	129	13,404,136	9,676,815	1,599,908	1,656,597	153,353	149,989	256,618	227,571

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
[Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Motor vehicles and equipment										
All geographic areas, total.....	14	268	63,075,879	81,901,610	3,279,031	3,854,659	1,294,430	1,364,034	1,437,032	186,616
Canada.....	14	42	18,725,407	31,822,655	1,299,547	1,331,152	602,207	602,128	295,638	10,673
Latin America, total.....	9	54	7,220,273	7,988,675	435,622	641,749	84,849	77,153	304,668	18,790
Brazil.....	6	21	3,789,715	4,414,422	435,431	438,194	89,366	89,651	302,881	—
Ecuador.....	7	22	2,002,325	2,589,639	-91,099	79,453	-7,989	-17,367	1,786	—
Mexico.....	3	3	355,729	508,827	573	13,330	—	1	—	—
Panama (including Canal Zone).....	3	3	4,501,865	1,482,161	207,358	220,293	9,156	9,156	16,825	149,531
Venezuela.....	8	15	4,501,865	1,482,161	207,358	220,293	9,156	9,156	16,825	149,531
Other Western Hemisphere, total.....	7	8	653,843	63,582	48,982	49,158	156	156	16,825	38,459
The Bahamas.....	3	7	3,848,023	1,418,598	158,376	171,135	9,002	9,002	111,072	—
Bermuda.....	12	123	29,006,299	36,101,532	1,251,174	1,416,537	552,958	629,089	814,274	7,422
Netherlands Antilles.....	19	19	1,855,375	3,395,542	118,299	119,494	54,793	54,639	42,006	—
Europe, total.....	5	7	1,039,377	719,250	16,540	20,586	8,608	6,905	4,036	—
Austria.....	6	14	1,391,304	715,314	103,683	107,624	20,396	20,396	34,611	11
Belgium.....	4	9	2,802,928	3,573,044	171,848	210,040	63,865	63,865	73,931	—
Denmark.....	3	7	328,201	394,930	19,010	19,010	2,898	2,898	5,303	1,165
France (including Andorra).....	8	20	8,849,519	7,342,097	125,487	191,485	45,566	128,171	592,111	6,246
Italy (including San Marino).....	6	17	9,603,030	15,853,682	460,489	477,443	267,594	266,532	15,662	—
Luxembourg.....	4	4	150,938	231,347	-46,466	6,073	2,965	2,971	569	—
Netherlands.....	4	4	150,938	231,347	-46,466	6,073	2,965	2,971	569	—
Norway.....	4	9	2,802,928	3,573,044	171,848	210,040	63,865	63,865	73,931	—
Sweden.....	3	7	328,201	394,930	19,010	19,010	2,898	2,898	5,303	1,165
Switzerland.....	8	20	8,849,519	7,342,097	125,487	191,485	45,566	128,171	592,111	6,246
United Kingdom.....	6	17	9,603,030	15,853,682	460,489	477,443	267,594	266,532	15,662	—
West Germany.....	4	4	150,938	231,347	-46,466	6,073	2,965	2,971	569	—
Africa, total.....	4	4	150,938	231,347	-46,466	6,073	2,965	2,971	569	—
Liberia.....	4	4	150,938	231,347	-46,466	6,073	2,965	2,971	569	—
South Africa (including Namibia).....	4	4	150,938	231,347	-46,466	6,073	2,965	2,971	569	—
OPEC countries.....	4	4	150,938	231,347	-46,466	6,073	2,965	2,971	569	—
Asia, total.....	4	8	1,022,046	1,251,069	116,175	125,650	8,764	10,917	—	—
Hong Kong.....	4	8	1,022,046	1,251,069	116,175	125,650	8,764	10,917	—	—
Indonesia.....	3	5	429,659	594,612	6,864	15,583	8,065	10,206	—	—
Japan (including Okinawa and Ryukyu).....	3	5	429,659	594,612	6,864	15,583	8,065	10,206	—	—
Middle East countries (excluding OPEC).....	3	5	429,659	594,612	6,864	15,583	8,065	10,206	—	—
OPEC countries (excluding Indonesia).....	3	5	429,659	594,612	6,864	15,583	8,065	10,206	—	—
Philippines.....	3	5	429,659	594,612	6,864	15,583	8,065	10,206	—	—
Oceania, total.....	7	21	2,424,676	3,014,039	14,991	112,576	33,378	32,467	4,856	—
Australia.....	7	16	2,205,753	2,604,722	-5,082	90,654	22,870	22,148	106	—
Puerto Rico and U.S. Possessions, total.....	3	3	355,729	508,827	573	13,330	—	1	—	—
OPEC countries, total (included above).....	3	3	355,729	508,827	573	13,330	—	1	—	—
Tax haven countries, total (included above).....	10	45	7,825,259	3,887,435	544,552	563,707	32,272	32,207	56,740	169,498

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
[Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Transportation equipment, except motor vehicles										
All geographic areas, total.....	16	172	8,345,037	7,782,400	890,861	1,044,625	284,066	275,736	316,550	55,386
Canada.....	7	17	2,157,733	1,747,866	183,664	268,719	94,326	90,090	45,364	—
Latin America, total.....	5	8	288,325	281,212	37,264	37,264	19,505	19,505	—	322
Brazil.....	4	5	202,426	201,353	28,132	28,132	15,339	15,339	—	322
Ecuador.....	—	—	—	—	—	—	—	—	—	—
Mexico.....	—	—	—	—	—	—	—	—	—	—
Panama (including Canal Zone).....	—	—	—	—	—	—	—	—	—	—
Venezuela.....	—	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total.....	11	12	790,037	96,238	17,069	24,017	1,300	1,300	4,754	11,364
The Bahamas.....	—	—	—	—	—	—	—	—	—	—
Bermuda.....	7	7	513,952	63,667	11,122	18,070	—	—	380	6,920
Netherlands Antilles.....	5	5	276,085	32,571	5,947	5,947	1,300	1,300	4,374	4,444
Europe, total.....	11	103	3,553,924	3,501,540	330,116	381,059	113,599	109,152	108,036	17,493
Austria.....	—	—	—	—	—	—	—	—	—	—
Belgium.....	—	—	—	—	—	—	—	—	—	—
Denmark.....	—	—	—	—	—	—	—	—	—	—
France (including Andorra).....	8	18	619,739	814,251	50,024	65,356	19,504	18,237	10,247	—
Italy (including San Marino).....	4	20	814,837	691,087	83,922	89,837	30,636	30,637	7,437	407
Luxembourg.....	—	—	—	—	—	—	—	—	—	—
Netherlands.....	5	8	126,701	142,670	8,250	17,330	1,987	1,575	—	510
Norway.....	—	—	—	—	—	—	—	—	—	—
Spain.....	—	—	—	—	—	—	—	—	—	—
Sweden.....	—	—	—	—	—	—	—	—	—	—
Switzerland.....	4	6	196,387	143,279	17,339	17,339	1,924	1,924	17,098	1,878
United Kingdom.....	9	27	1,076,684	856,015	95,478	108,633	34,618	31,849	22,483	14,648
West Germany.....	7	16	471,821	533,896	42,377	49,750	16,618	16,618	45,742	—
Africa, total.....	3	6	67,230	81,409	10,169	11,344	4,453	4,453	1,572	1,592
Liberia.....	—	—	—	—	—	—	—	—	—	—
South Africa (including Namibia).....	—	—	—	—	—	—	—	—	—	—
OPEC countries.....	—	—	—	—	—	—	—	—	—	—
Asia, total.....	4	18	920,610	689,426	173,537	174,315	19,835	19,835	20,654	24,413
Hong Kong.....	—	—	—	—	—	—	—	—	—	—
Indonesia.....	—	—	—	—	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu).....	—	—	—	—	—	—	—	—	—	—
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	—	—	—	—	—	—	—	—	—	—
Oceania, total.....	4	6	376,133	233,508	17,944	26,810	11,438	11,791	52,903	203
Australia.....	4	6	376,133	233,508	17,944	26,810	11,438	11,791	52,903	203
Puerto Rico and U.S. Possessions, total.....	—	—	—	—	—	—	—	—	—	—
OPEC countries, total (included above).....	—	—	—	—	—	—	—	—	—	—
Tax haven countries, total (included above).....	13	38	1,836,800	752,065	203,157	219,617	15,449	15,038	42,270	39,756

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Money amounts are in thousands of dollars										
Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Instruments and related products										
All geographic areas, total.....	15	259	14,311,977	17,838,795	1,727,606	1,815,486	552,105	552,305	145,103	77,587
Canada.....	11	16	767,621	1,241,312	77,060	79,937	35,412	34,944	4,898	151
Latin America, total.....	8	30	1,061,742	1,069,085	145,573	154,590	40,714	39,412	10,544	23,539
Brazil.....	5	8	490,260	506,179	96,179	96,179	20,762	20,762	6,281	20,699
Ecuador.....	5	7	219,096	230,341	15,252	19,545	13,229	11,927	221	8
Mexico.....	3	3	81,408	89,833	7,940	7,940	2,439	2,439	2,500	721
Panama (including Canal Zone).....	3	3	47,248	78,003	4,694	4,694	1,137	1,137	737	740
Venezuela.....	3	3	47,248	78,003	4,694	4,694	1,137	1,137	737	740
Other Western Hemisphere, total.....	7	11	536,717	33,833	28,634	29,566	367	367	1,333	8,819
The Bahamas.....	4	5	158,681	5,162	4,077	5,009	—	—	1,333	4,325
Bermuda.....	4	5	369,576	27,610	24,335	24,335	367	367	—	4,295
Netherlands Antilles.....	4	5	369,576	27,610	24,335	24,335	367	367	—	4,295
Europe, total.....	13	140	9,168,969	12,435,154	1,204,355	1,241,063	394,107	393,811	119,960	37,833
Austria.....	4	4	103,309	190,327	15,398	15,398	4,862	4,862	2,785	1,195
Belgium.....	5	6	712,277	528,430	173,336	174,582	54,186	54,186	11,054	1,689
Denmark.....	10	16	1,217,587	1,622,138	118,358	121,653	54,280	60,079	9,989	125
France (including Andorra).....	8	12	557,419	695,640	115,311	115,311	44,701	44,701	17,321	312
Italy (including San Marino).....	8	12	557,419	695,640	115,311	115,311	44,701	44,701	17,321	312
Luxembourg.....	8	10	665,878	759,235	74,512	75,805	—432	—742	21,887	5,656
Netherlands.....	8	10	665,878	759,235	74,512	75,805	—432	—742	21,887	5,656
Norway.....	6	6	232,863	279,456	45,775	45,775	11,490	11,490	—	51
Spain.....	4	4	141,321	257,695	17,103	17,103	9,159	9,159	2,878	21
Sweden.....	4	4	141,321	257,695	17,103	17,103	9,159	9,159	2,878	21
Switzerland.....	7	13	834,520	2,291,563	92,472	97,226	23,696	23,696	25,153	27,127
United Kingdom.....	11	26	1,956,459	2,805,648	159,076	172,257	72,055	66,522	5,422	661
West Germany.....	12	30	2,112,116	2,505,923	287,324	299,519	107,957	107,411	21,994	643
Africa, total.....	3	5	124,415	130,012	3,342	6,307	810	1,290	220	3,543
Liberia.....	3	4	62,507	126,351	—252	2,713	810	1,290	220	19
South Africa (including Namibia).....	3	4	62,507	126,351	—252	2,713	810	1,290	220	19
OPEC countries.....	3	4	62,507	126,351	—252	2,713	810	1,290	220	19
Asia, total.....	10	44	2,078,968	2,224,908	191,167	215,583	64,180	65,467	4,973	3,517
Hong Kong.....	5	6	214,431	343,478	11,870	13,934	2,328	2,328	—	3,341
Indonesia.....	10	22	1,255,732	1,247,373	89,781	112,134	49,248	50,535	1,868	109
Japan (including Okinawa and Ryukyu).....	10	22	1,255,732	1,247,373	89,781	112,134	49,248	50,535	1,868	109
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	—	—	—	—	—	—	—	—	—	—
Oceania, total.....	5	11	492,952	635,804	43,451	54,595	13,306	13,804	3,175	227
Australia.....	5	8	453,695	574,855	39,960	51,104	11,928	12,426	2,817	222
Puerto Rico and U.S. Possessions, total.....	3	3	47,248	78,003	4,694	4,694	1,137	1,137	737	740
OPEC countries, total (included above).....	3	3	47,248	78,003	4,694	4,694	1,137	1,137	737	740
Tax haven countries, total (included above).....	13	53	2,903,065	4,064,923	296,429	307,472	35,239	35,123	53,658	51,544

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
All other manufacturing										
All geographic areas, total.....	116	1,012	49,060,577	51,650,573	4,878,203	5,312,907	1,897,567	1,666,088	1,742,264	226,563
Canada.....	89	148	9,353,956	9,728,170	933,203	997,380	370,488	351,130	454,999	14,918
Latin America, total.....	44	128	4,695,136	4,628,183	691,404	760,575	226,625	225,259	266,020	11,817
Brazil.....	28	44	2,306,632	2,213,530	463,487	467,827	143,590	143,590	189,108	327
Ecuador.....	13	19	417,200	380,636	9,234	33,389	15,153	14,108	7,128	—
Mexico.....	8	14	438,919	102,523	46,916	46,916	2,856	2,856	9,664	10,806
Panama (including Canal Zone).....	7	8	206,825	231,349	38,389	44,308	16,504	15,509	12,755	—
Venezuela.....	3	56	3,904,445	604,968	201,168	207,442	16,832	16,718	123,676	82,973
Other Western Hemisphere, total.....	3	3	80,679	41,573	51,802	51,802	—	—	33,580	—
The Bahamas.....	20	27	849,376	167,859	51,802	51,802	—	—	18,993	23,672
Bermuda.....	21	26	2,974,391	395,738	112,421	112,672	13,621	13,507	71,103	59,301
Netherlands Antilles.....	87	528	26,081,618	30,846,978	2,554,591	2,737,057	865,755	862,886	724,350	76,270
Europe, total.....	21	3	63,417	76,306	7,044	7,044	3,347	3,347	5,123	—
Austria.....	19	26	1,718,008	1,547,677	161,527	164,585	41,180	41,115	33,641	26,546
Belgium.....	6	7	145,928	174,772	22,361	22,361	8,888	8,888	5,664	—
Denmark.....	39	67	2,807,431	3,735,255	267,078	268,503	121,051	121,051	40,449	—
France (including Andorra).....	34	49	2,669,103	2,608,272	271,447	279,960	111,118	112,542	50,533	—
Italy (including San Marino).....	4	4	434,056	407,048	35,990	39,371	11,300	11,997	9,378	1,870
Luxembourg.....	31	43	2,028,234	1,800,974	171,138	194,429	28,077	26,566	27,972	171
Netherlands.....	4	4	82,805	123,009	20,158	20,158	5,560	5,560	2,363	—
Norway.....	23	29	1,170,854	1,190,448	126,857	134,932	32,781	32,781	23,651	—
Sweden.....	7	10	292,496	449,068	27,293	29,601	17,882	17,882	10,384	—
Switzerland.....	16	21	1,559,686	1,465,338	141,690	146,885	36,556	36,556	32,266	41,803
United Kingdom.....	64	160	8,990,149	12,265,480	892,163	939,213	268,907	263,804	290,692	3,200
West Germany.....	43	77	3,562,258	4,715,457	360,888	403,294	116,454	116,454	159,233	2,435
Africa, total.....	16	24	828,891	734,846	115,449	116,454	21,646	21,646	37,474	1,883
Uganda.....	5	5	460,915	253,787	59,327	59,433	52	52	11,550	1,883
South Africa (including Namibia).....	11	15	256,924	366,641	30,208	31,104	11,301	11,301	22,128	—
OPEC countries.....	26	72	2,592,291	3,227,334	238,324	328,784	134,096	132,464	103,701	14,370
Asia, total.....	9	15	309,222	350,258	8,297	38,536	5,204	5,204	12,676	5,830
Hong Kong.....	17	21	1,162,580	1,670,673	155,456	155,925	90,700	90,700	24,852	—
Indonesia.....	17	21	1,162,580	1,670,673	155,456	155,925	90,700	90,700	24,852	—
Japan (including Okinawa and Ryukyu).....	—	—	—	—	—	—	—	—	—	—
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	7	7	180,396	212,151	49,360	49,621	17,465	17,422	16,955	8,540
Oceania, total.....	38	54	1,386,106	1,960,243	140,158	161,310	60,491	54,500	30,043	24,332
Australia.....	37	50	1,309,751	1,725,096	127,367	149,519	56,329	50,188	28,807	24,332
Puerto Rico and U.S. Possessions, total.....	3	3	47,248	78,003	4,694	4,694	1,137	1,137	737	740
OPEC countries, total (included above).....	9	13	303,048	326,752	43,483	53,355	19,775	18,191	28,534	—
Tax haven countries, total (included above).....	59	179	9,871,385	5,251,479	639,351	767,704	110,902	109,944	253,040	146,020

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
[Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								Subpart F Income
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Transportation and public utilities										
All geographic areas, total.....	66	381	24,873,374	9,964,847	1,110,436	1,398,410	301,793	305,100	421,004	248,194
Canada.....	26	81	6,074,808	2,221,803	411,139	425,801	141,502	140,830	105,337	18,356
Latin America, total.....	20	53	2,370,458	1,070,902	112,642	163,716	35,773	39,720	32,730	21,137
Brazil.....	5	8	138,280	142,692	7,517	11,127	5,315	5,432	--	--
Ecuador.....	4	5	119,731	472,178	6,797	9,552	3,019	3,365	3,511	--
Mexico.....	4	5	119,731	472,178	6,797	9,552	3,019	3,365	3,511	--
Panama (including Canal Zone).....	8	27	1,054,209	118,229	16,953	47,762	3,421	3,818	2,366	19,698
Venezuela.....	4	5	119,731	472,178	6,797	9,552	3,019	3,365	3,511	--
Other Western Hemisphere, total.....	43	58	6,473,974	657,417	178,844	209,564	18,079	19,084	156,967	174,217
The Bahamas.....	4	4	135,102	7,788	3,295	7,713	--	--	--	--
Bermuda.....	18	24	1,116,200	96,005	802	23,566	-16	-273	47,622	25,426
Netherlands Antilles.....	26	30	5,222,673	553,624	174,756	178,286	18,094	19,357	109,345	148,791
Europe, total.....	22	140	7,653,581	5,153,335	376,277	477,416	83,851	82,796	107,421	30,376
Austria.....	4	5	212,245	275,630	18,131	19,856	4,281	4,281	2,694	--
Belgium.....	3	5	212,245	275,630	18,131	19,856	4,281	4,281	2,694	--
Denmark.....	8	16	676,493	815,347	20,669	25,905	10,138	10,578	1,427	--
France (including Andorra).....	7	10	555,354	414,533	53,388	54,193	16,759	16,775	4,954	--
Italy (including San Marino).....	7	10	555,354	414,533	53,388	54,193	16,759	16,775	4,954	--
Luxembourg.....	7	13	1,151,003	453,758	9,816	46,782	5,052	5,117	14,197	290
Netherlands.....	7	13	1,151,003	453,758	9,816	46,782	5,052	5,117	14,197	290
Norway.....	4	8	220,383	139,869	9,101	13,869	750	750	1,168	--
Spain.....	4	8	220,383	139,869	9,101	13,869	750	750	1,168	--
Sweden.....	9	20	700,316	292,973	48,007	54,464	7,231	7,317	17,681	30,088
Switzerland.....	9	20	700,316	292,973	48,007	54,464	7,231	7,317	17,681	30,088
United Kingdom.....	17	41	3,129,774	1,265,391	124,799	161,156	17,333	15,643	41,499	--
West Germany.....	10	16	740,883	673,254	82,168	88,240	21,113	21,142	19,621	--
Africa, total.....	10	29	1,241,972	72,485	-10,056	39,119	11	130	1,805	3,612
Liberia.....	9	28	1,179,440	33,552	-11,554	37,621	11	130	1,805	3,612
South Africa (including Namibia).....	9	28	1,179,440	33,552	-11,554	37,621	11	130	1,805	3,612
OPEC countries.....	9	28	1,179,440	33,552	-11,554	37,621	11	130	1,805	3,612
Asia, total.....	9	18	493,265	328,115	9,244	39,145	7,986	8,002	7,709	474
Hong Kong.....	4	4	89,876	31,385	7,404	9,501	1,896	1,896	1,288	474
Indonesia.....	4	4	89,876	31,385	7,404	9,501	1,896	1,896	1,288	474
Japan (including Okinawa and Ryukyu).....	5	5	104,790	63,636	3,671	7,253	3,814	3,814	2,187	--
Middle East countries (excluding OPEC).....	5	5	104,790	63,636	3,671	7,253	3,814	3,814	2,187	--
OPEC countries (excluding Indonesia).....	5	5	104,790	63,636	3,671	7,253	3,814	3,814	2,187	--
Philippines.....	5	5	104,790	63,636	3,671	7,253	3,814	3,814	2,187	--
Oceania, total.....	8	16	363,371	375,924	21,489	32,791	11,851	11,797	9,035	--
Australia.....	8	14	340,771	368,094	20,580	31,882	11,415	11,361	9,035	--
Puerto Rico and U.S. Possessions, total.....	6	6	201,944	84,868	10,856	10,856	2,741	2,741	--	19
OPEC countries, total (included above).....	4	4	119,947	54,610	-7,272	7,490	3,369	3,369	3,656	--
Tax haven countries, total (included above).....	49	160	11,559,967	1,959,504	281,954	456,602	49,354	54,113	194,372	229,816

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
[Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F Income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Water transportation										
All geographic areas, total.....	5	51	1,467,742	60,788	831	49,041	528	1,044	--	608
Canada.....	--	--	--	--	--	--	--	--	--	--
Latin America, total.....	4	21	447,180	19,915	82	22,268	528	925	--	--
Brazil.....	--	--	--	--	--	--	--	--	--	--
Ecuador.....	--	--	--	--	--	--	--	--	--	--
Mexico.....	--	--	--	--	--	--	--	--	--	--
Panama (including Canal Zone).....	4	21	447,180	19,915	82	22,268	528	925	--	--
Venezuela.....	--	--	--	--	--	--	--	--	--	--
Other Western Hemisphere, total.....	3	5	110,592	23,056	-9,481	281	--	--	--	608
The Bahamas.....	--	--	--	--	--	--	--	--	--	--
Bermuda.....	3	5	110,592	23,056	-9,481	281	--	--	--	608
Netherlands Antilles.....	--	--	--	--	--	--	--	--	--	--
Europe, total.....	--	--	--	--	--	--	--	--	--	--
Austria.....	--	--	--	--	--	--	--	--	--	--
Belgium.....	--	--	--	--	--	--	--	--	--	--
Denmark.....	--	--	--	--	--	--	--	--	--	--
France (including Andorra).....	--	--	--	--	--	--	--	--	--	--
Italy (including San Marino).....	--	--	--	--	--	--	--	--	--	--
Luxembourg.....	--	--	--	--	--	--	--	--	--	--
Netherlands.....	--	--	--	--	--	--	--	--	--	--
Norway.....	--	--	--	--	--	--	--	--	--	--
Spain.....	--	--	--	--	--	--	--	--	--	--
Sweden.....	--	--	--	--	--	--	--	--	--	--
Switzerland.....	--	--	--	--	--	--	--	--	--	--
United Kingdom.....	--	--	--	--	--	--	--	--	--	--
West Germany.....	--	--	--	--	--	--	--	--	--	--
Africa, total.....	3	21	863,296	16,996	11,872	26,017	--	119	--	--
Liberia.....	3	21	863,296	16,996	11,872	26,017	--	119	--	--
South Africa (including Namibia).....	--	--	--	--	--	--	--	--	--	--
OPEC countries.....	--	--	--	--	--	--	--	--	--	--
Asia, total.....	--	--	--	--	--	--	--	--	--	--
Hong Kong.....	--	--	--	--	--	--	--	--	--	--
Indonesia.....	--	--	--	--	--	--	--	--	--	--
Japan (including Okinawa and Ryukyu).....	--	--	--	--	--	--	--	--	--	--
Middle East countries (excluding OPEC).....	--	--	--	--	--	--	--	--	--	--
OPEC countries (excluding Indonesia).....	--	--	--	--	--	--	--	--	--	--
Philippines.....	--	--	--	--	--	--	--	--	--	--
Oceania, total.....	--	--	--	--	--	--	--	--	--	--
Australia.....	--	--	--	--	--	--	--	--	--	--
Puerto Rico and U.S. Possessions, total.....	--	--	--	--	--	--	--	--	--	--
OPEC countries, total (included above).....	--	--	--	--	--	--	--	--	--	--
Tax haven countries, total (included above).....	4	48	1,431,723	59,967	376	48,566	528	1,044	--	608

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
[Money amounts are in thousands of dollars]

Money amounts are in thousands of dollars										
Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All other transportation and public utilities										
All geographic areas, total.....	61	330	23,405,632	9,904,059	1,109,806	1,349,369	301,265	304,056	421,004	247,585
Canada.....	26	61	6,074,808	2,221,803	411,139	425,801	141,502	140,830	105,337	18,356
Latin America, total.....	16	32	1,923,279	1,050,987	112,558	141,448	35,245	36,795	32,730	21,137
Brazil.....	5	8	138,280	142,692	7,517	11,127	5,315	5,432	—	—
Ecuador.....	—	—	—	—	—	—	—	—	—	—
Mexico.....	4	5	119,731	472,178	6,797	9,552	3,019	3,365	3,511	—
Panama (including Canal Zone).....	4	5	607,029	96,313	18,870	25,494	2,893	2,893	2,366	19,698
Venezuela.....	—	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total.....	40	53	6,363,362	634,361	188,325	209,283	18,079	19,084	156,967	173,608
The Bahamas.....	4	4	135,102	7,788	3,286	7,713	—	—	—	—
Bermuda.....	15	19	1,005,608	72,949	10,284	23,284	-18	-27	47,622	24,818
Netherlands Antilles.....	26	30	5,222,673	553,624	174,756	178,286	18,094	19,357	109,345	148,791
Europe, total.....	21	139	7,645,710	5,153,089	376,497	477,416	63,851	62,796	107,421	30,378
Austria.....	—	—	—	—	—	—	—	—	—	—
Belgium.....	3	5	212,245	275,630	18,131	19,856	4,281	4,281	2,694	—
Denmark.....	—	—	—	—	—	—	—	—	—	—
France (including Andorra).....	8	16	676,493	815,347	20,669	25,905	10,138	10,578	1,427	—
Italy (including San Marino).....	7	10	555,354	414,533	53,388	54,193	16,759	16,775	4,954	—
Luxembourg.....	—	—	—	—	—	—	—	—	—	—
Netherlands.....	7	13	1,151,003	453,758	9,816	46,782	5,052	5,117	14,197	290
Norway.....	—	—	—	—	—	—	—	—	—	—
Spain.....	4	8	220,383	139,869	9,101	13,869	750	750	1,168	—
Sweden.....	—	—	—	—	—	—	—	—	—	—
Switzerland.....	9	20	700,316	282,973	48,007	54,464	7,231	7,317	17,681	30,088
United Kingdom.....	16	40	3,121,902	1,265,145	125,020	161,156	17,333	15,843	41,499	—
West Germany.....	10	16	740,883	673,254	82,168	88,240	21,113	21,142	19,621	—
Africa, total.....	7	8	378,877	55,489	-21,928	13,102	11	11	1,805	3,612
Liberia.....	6	7	316,145	16,556	-23,425	11,604	11	11	1,805	3,612
South Africa (including Namibia).....	—	—	—	—	—	—	—	—	—	—
OPEC countries.....	—	—	—	—	—	—	—	—	—	—
Asia, total.....	8	17	482,609	328,115	11,341	39,145	7,986	8,002	7,709	474
Hong Kong.....	3	3	79,220	31,385	9,501	9,501	1,896	1,896	1,288	474
Indonesia.....	—	—	—	—	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu).....	5	5	104,790	63,636	3,671	7,253	3,814	3,814	2,187	—
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	—	—	—	—	—	—	—	—	—	—
Oceania, total.....	7	15	354,348	375,924	21,028	32,330	11,851	11,797	9,035	—
Australia.....	7	13	331,747	368,094	20,119	31,421	11,415	11,361	9,035	—
Puerto Rico and U.S. Possessions, total.....	5	5	182,820	84,291	10,844	10,844	2,741	2,741	—	19
OPEC countries, total (included above).....	4	4	119,947	54,610	-7,272	7,490	3,389	3,389	3,656	—
Tax haven countries, total (included above).....	45	112	10,128,264	1,899,537	281,578	408,236	48,626	53,069	194,372	229,212

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
[Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								Subpart F income
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Wholesale and retail trade										
All geographic areas, total.....	61	333	38,306,449	46,138,962	1,669,317	1,949,026	435,009	426,855	489,011	170,747
Canada.....	31	64	8,438,488	12,985,452	428,922	451,635	185,925	184,094	103,272	283
Latin America, total.....	14	31	2,924,450	4,677,417	40,225	87,048	9,339	9,750	41,374	12,432
Brazil.....	5	11	589,974	731,081	-24,067	15,936	755	1,169	10,693	—
Ecuador.....	—	—	—	—	—	—	—	—	—	—
Mexico.....	—	—	—	—	—	—	—	—	—	—
Panama (including Canal Zone).....	6	7	1,776,188	3,305,287	18,245	23,399	4,503	4,503	21,000	12,432
Venezuela.....	—	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total.....	21	39	5,021,995	4,507,425	249,151	308,200	31,436	28,642	97,132	126,111
The Bahamas.....	3	8	444,183	3,405,189	93,596	14,904	14,904	14,904	14,527	8,210
Bermuda.....	15	20	874,269	370,250	34,475	78,140	2,301	-544	23,084	21,503
Netherlands Antilles.....	9	11	3,703,544	731,987	121,079	136,463	14,231	14,282	59,522	96,399
Europe, total.....	29	133	16,581,129	18,506,495	554,410	674,365	85,259	79,173	141,635	4,169
Austria.....	—	—	—	—	—	—	—	—	—	—
Belgium.....	6	7	249,021	439,035	12,679	14,701	1,306	1,308	3,111	—
Denmark.....	—	—	—	—	—	—	—	—	—	—
France (including Andorra).....	10	12	620,430	1,958,839	9,370	21,096	10,497	9,822	2,173	—
Italy (including San Marino).....	7	11	447,202	1,002,645	3,814	15,735	7,792	6,732	2,074	—
Luxembourg.....	—	—	—	—	—	—	—	—	—	—
Netherlands.....	7	13	836,531	1,368,646	18,924	20,354	2,961	3,226	5,913	1,414
Norway.....	—	—	—	—	—	—	—	—	—	—
Spain.....	3	3	120,799	76,589	-27,042	2,265	—	-1,108	—	—
Sweden.....	—	—	—	—	—	—	—	—	—	—
Switzerland.....	8	12	6,086,513	6,207,125	241,261	246,661	1,553	1,393	1,102	2,218
United Kingdom.....	18	51	6,952,119	5,626,265	210,936	256,699	36,504	35,287	105,792	537
West Germany.....	10	16	1,063,002	1,753,014	80,529	84,011	22,861	22,924	20,904	—
Africa, total.....	5	13	572,665	1,063,418	54,907	59,697	24,800	27,069	57,256	334
Liberia.....	—	—	—	—	—	—	—	—	—	—
South Africa (including Namibia).....	—	—	—	—	—	—	—	—	—	—
OPEC countries.....	—	—	—	—	—	—	—	—	—	—
Asia, total.....	14	21	2,233,403	1,998,041	215,301	227,312	75,233	75,356	37,629	20,402
Hong Kong.....	9	12	1,272,300	634,582	176,810	176,810	35,809	35,809	25,781	20,402
Indonesia.....	—	—	—	—	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu).....	4	6	578,713	557,048	24,771	31,554	19,233	19,356	2,260	—
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	—	—	—	—	—	—	—	—	—	—
Oceania, total.....	10	26	2,146,142	2,309,323	115,556	129,925	19,970	19,724	10,213	7,016
Australia.....	10	23	2,007,305	2,061,302	105,101	117,942	10,226	9,812	8,712	7,016
Puerto Rico and U.S. Possessions, total.....	5	6	388,177	91,391	10,843	10,843	3,048	3,048	500	—
OPEC countries, total (included above).....	—	—	—	—	—	—	—	—	—	—
Tax haven countries, total (included above).....	36	90	15,139,194	16,125,121	699,284	778,690	76,897	74,167	150,927	162,578

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Wholesale trade										
All geographic areas, total.....	32	169	22,156,407	31,993,822	826,487	1,026,916	164,491	161,186	244,187	32,280
Canada.....	15	20	1,389,806	3,291,727	41,040	50,945	15,813	15,797	—	—
Latin America, total.....	9	24	2,729,430	4,483,902	21,266	65,023	8,564	8,976	33,363	12,432
Brazil.....	3	7	494,083	680,820	-22,958	13,979	—	414	9,139	—
Ecuador.....	—	—	—	—	—	—	—	—	—	—
Mexico.....	—	—	—	—	—	—	—	—	—	—
Panama (including Canal Zone).....	5	6	1,766,029	3,292,624	17,825	22,978	4,483	4,483	21,000	12,432
Venezuela.....	—	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total.....	11	22	1,097,999	3,920,683	115,649	157,092	17,338	14,493	22,627	15,127
The Bahamas.....	—	—	—	—	—	—	—	—	—	—
Bermuda.....	9	12	489,302	278,029	6,909	48,351	580	-2,266	15,300	3,518
Netherlands Antilles.....	4	4	200,800	332,294	28,805	28,805	1,854	1,854	3,607	3,400
Europe, total.....	13	63	13,265,485	15,734,773	403,328	484,516	32,767	29,061	103,841	4,169
Austria.....	—	—	—	—	—	—	—	—	—	—
Belgium.....	—	—	—	—	—	—	—	—	—	—
Denmark.....	—	—	—	—	—	—	—	—	—	—
France (including Andorra).....	4	6	467,633	1,810,155	9,144	12,523	7,236	6,307	—	—
Italy (including San Marino).....	5	8	408,107	959,134	-1,994	9,532	4,391	3,332	—	—
Luxembourg.....	—	—	—	—	—	—	—	—	—	—
Netherlands.....	4	10	704,723	1,290,450	18,073	19,311	2,981	2,885	5,913	1,414
Norway.....	—	—	—	—	—	—	—	—	—	—
Spain.....	—	—	—	—	—	—	—	—	—	—
Sweden.....	—	—	—	—	—	—	—	—	—	—
Switzerland.....	5	9	6,032,581	6,163,270	239,938	242,230	51	-120	1,102	2,218
United Kingdom.....	19	19	5,290,065	4,742,405	142,926	176,875	10,743	10,513	95,961	537
West Germany.....	3	4	142,844	653,489	13,397	13,734	5,663	6,527	—	—
Africa, total.....	5	13	572,665	1,063,418	54,907	59,697	24,800	27,069	57,256	334
Uganda.....	—	—	—	—	—	—	—	—	—	—
South Africa (including Namibia).....	—	—	—	—	—	—	—	—	—	—
OPEC countries.....	—	—	—	—	—	—	—	—	—	—
Asia, total.....	6	11	1,593,135	1,478,065	89,386	98,057	49,009	49,009	17,629	217
Hong Kong.....	3	6	1,041,666	346,320	59,723	59,723	17,618	17,618	5,781	217
Indonesia.....	—	—	—	—	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu).....	—	—	—	—	—	—	—	—	—	—
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	—	—	—	—	—	—	—	—	—	—
Oceania, total.....	4	14	1,461,434	2,018,207	100,205	110,880	16,199	16,782	9,470	—
Australia.....	4	12	1,352,442	1,781,001	89,624	98,897	6,455	6,871	7,969	—
Puerto Rico and U.S. Possessions, total.....	—	—	—	—	—	—	—	—	—	—
OPEC countries, total (included above).....	—	—	—	—	—	—	—	—	—	—
Tax haven countries, total (included above).....	18	57	10,690,232	15,102,561	442,635	501,332	42,471	39,358	56,422	31,409

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation -- Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F Income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Petroleum and petroleum products										
All geographic areas, total.....	5	40	4,112,392	11,283,177	299,308	352,957	81,091	83,823	113,060	23,091
Canada.....	•	•	•	•	•	•	•	•	•	•
Latin America, total.....	•	•	•	•	•	•	•	•	•	•
Brazil.....	•	•	•	•	•	•	•	•	•	•
Ecuador.....	•	•	•	•	•	•	•	•	•	•
Mexico.....	•	•	•	•	•	•	•	•	•	•
Panama (including Canal Zone).....	•	•	•	•	•	•	•	•	•	•
Venezuela.....	•	•	•	•	•	•	•	•	•	•
Other Western Hemisphere, total.....	3	12	823,897	3,588,699	90,332	125,457	15,170	15,170	21,137	10,567
The Bahamas.....	•	•	•	•	•	•	•	•	•	•
Bermuda.....	•	•	•	•	•	•	•	•	•	•
Netherlands Antilles.....	•	•	•	•	•	•	•	•	•	•
Europe, total.....	3	5	135,403	46,502	6,156	8,947	238	238	—	667
Austria.....	•	•	•	•	•	•	•	•	•	•
Belgium.....	•	•	•	•	•	•	•	•	•	•
Denmark.....	•	•	•	•	•	•	•	•	•	•
France (including Andorra).....	•	•	•	•	•	•	•	•	•	•
Italy (including San Marino).....	•	•	•	•	•	•	•	•	•	•
Luxembourg.....	•	•	•	•	•	•	•	•	•	•
Netherlands.....	•	•	•	•	•	•	•	•	•	•
Norway.....	•	•	•	•	•	•	•	•	•	•
Spain.....	•	•	•	•	•	•	•	•	•	•
Sweden.....	•	•	•	•	•	•	•	•	•	•
Switzerland.....	•	•	•	•	•	•	•	•	•	•
United Kingdom.....	•	•	•	•	•	•	•	•	•	•
West Germany.....	•	•	•	•	•	•	•	•	•	•
Africa, total.....	•	•	•	•	•	•	•	•	•	•
Uganda.....	•	•	•	•	•	•	•	•	•	•
South Africa (including Namibia).....	•	•	•	•	•	•	•	•	•	•
OPEC countries.....	•	•	•	•	•	•	•	•	•	•
Asia, total.....	•	•	•	•	•	•	•	•	•	•
Hong Kong.....	•	•	•	•	•	•	•	•	•	•
Indonesia.....	•	•	•	•	•	•	•	•	•	•
Japan (including Okinawa and Ryukyu).....	•	•	•	•	•	•	•	•	•	•
Middle East countries (excluding OPEC).....	•	•	•	•	•	•	•	•	•	•
OPEC countries (excluding Indonesia).....	•	•	•	•	•	•	•	•	•	•
Philippines.....	•	•	•	•	•	•	•	•	•	•
Oceania, total.....	•	•	•	•	•	•	•	•	•	•
Australia.....	•	•	•	•	•	•	•	•	•	•
Puerto Rico and U.S. Possessions, total.....	•	•	•	•	•	•	•	•	•	•
OPEC countries, total (included above).....	•	•	•	•	•	•	•	•	•	•
Tax haven countries, total (included above).....	4	17	1,770,317	6,993,172	135,185	170,310	21,877	21,877	42,137	22,554

Footnotes at end of table.

Table 1.-Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation - Continued
(Money amounts are in thousands of dollars)

Selected Industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All other wholesale trade										
All geographic areas, total.....	27	129	18,044,016	20,710,645	527,180	673,959	83,400	77,363	131,127	9,189
Canada.....	13	16	1,225,225	2,445,345	36,545	41,076	11,273	11,377	-	-
Latin America, total.....	8	23	2,078,122	1,242,815	-628	43,129	4,149	4,561	12,363	676
Brazil.....	3	7	494,083	680,820	-22,958	13,979	-	414	9,139	-
Ecuador.....	-	-	-	-	-	-	-	-	-	-
Mexico.....	-	-	-	-	-	-	-	-	-	-
Panama (including Canal Zone).....	4	5	1,114,721	51,537	-4,069	1,084	68	68	-	676
Venezuela.....	-	-	-	-	-	-	-	-	-	-
Other Western Hemisphere, total.....	8	10	274,102	331,984	25,318	31,635	2,168	-677	1,490	4,460
The Bahamas.....	-	-	-	-	-	-	-	-	-	-
Bermuda.....	7	7	137,574	7,000	-1,392	4,924	-	-2,845	-	3,518
Netherlands Antilles.....	-	-	-	-	-	-	-	-	-	-
Europe, total.....	10	58	13,130,081	15,688,271	397,172	475,570	32,530	28,823	103,841	3,501
Austria.....	-	-	-	-	-	-	-	-	-	-
Belgium.....	-	-	-	-	-	-	-	-	-	-
Denmark.....	-	-	-	-	-	-	-	-	-	-
France (including Andorra).....	4	6	467,633	1,810,155	9,144	12,523	7,236	6,307	-	-
Italy (including San Marino).....	3	6	375,988	931,578	-2,062	6,672	3,852	2,792	-	-
Luxembourg.....	-	-	-	-	-	-	-	-	-	-
Netherlands.....	4	10	704,723	1,290,450	18,073	19,311	2,981	2,885	5,913	1,414
Norway.....	-	-	-	-	-	-	-	-	-	-
Spain.....	-	-	-	-	-	-	-	-	-	-
Sweden.....	-	-	-	-	-	-	-	-	-	-
Switzerland.....	4	7	5,941,568	6,157,966	234,634	236,926	587	416	1,102	2,087
United Kingdom.....	7	18	5,277,793	4,725,763	142,143	175,081	10,508	10,278	95,981	-
West Germany.....	3	4	142,844	653,489	13,397	13,734	6,663	6,527	-	-
Africa, total.....	4	8	115,037	190,144	9,839	12,985	3,990	3,990	3,849	334
Liberia.....	-	-	-	-	-	-	-	-	-	-
South Africa (including Namibia).....	-	-	-	-	-	-	-	-	-	-
OPEC countries.....	-	-	-	-	-	-	-	-	-	-
Asia, total.....	5	8	1,031,590	602,051	52,782	61,453	25,989	25,989	8,042	217
Hong Kong.....	-	-	-	-	-	-	-	-	-	-
Indonesia.....	-	-	-	-	-	-	-	-	-	-
Japan (including Okinawa and Ryukyu).....	-	-	-	-	-	-	-	-	-	-
Middle East countries (excluding OPEC).....	-	-	-	-	-	-	-	-	-	-
OPEC countries (excluding Indonesia).....	-	-	-	-	-	-	-	-	-	-
Philippines.....	-	-	-	-	-	-	-	-	-	-
Oceania, total.....	3	4	143,406	206,987	5,444	7,406	3,301	3,301	1,542	-
Australia.....	3	4	143,406	206,987	5,444	7,406	3,301	3,301	1,542	-
Puerto Rico and U.S. Possessions, total.....	-	-	-	-	-	-	-	-	-	-
OPEC countries, total (included above).....	-	-	-	-	-	-	-	-	-	-
Tax haven countries, total (included above).....	14	40	8,919,915	8,109,409	307,650	331,022	20,593	17,480	14,286	8,655

Footnotes at end of table.

Table 1.-Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation - Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Retail trade										
All geographic areas, total.....	29	164	16,150,042	14,145,140	842,830	922,110	270,519	265,689	244,824	138,467
Canada.....	16	44	7,048,680	9,693,725	387,682	400,690	170,112	168,297	103,272	283
Latin America, total.....	5	7	195,020	193,515	18,959	22,025	774	774	8,010	-
Brazil.....	-	-	-	-	-	-	-	-	-	-
Ecuador.....	-	-	-	-	-	-	-	-	-	-
Mexico.....	-	-	-	-	-	-	-	-	-	-
Panama (including Canal Zone).....	-	-	-	-	-	-	-	-	-	-
Venezuela.....	-	-	-	-	-	-	-	-	-	-
Other Western Hemisphere, total.....	10	17	3,923,996	586,742	133,502	151,109	14,098	14,149	74,505	110,984
The Bahamas.....	-	-	-	-	-	-	-	-	-	-
Bermuda.....	6	8	384,966	92,221	27,567	29,790	1,721	1,721	7,784	17,985
Netherlands Antilles.....	5	7	3,502,744	399,692	92,275	107,659	12,377	12,428	55,915	92,999
Europe, total.....	16	70	3,315,645	2,771,722	151,082	189,849	52,491	50,112	37,794	-
Austria.....	-	-	-	-	-	-	-	-	-	-
Belgium.....	4	5	223,704	415,712	12,709	14,200	1,160	1,162	2,811	-
Denmark.....	-	-	-	-	-	-	-	-	-	-
France (including Andorra).....	6	6	152,797	148,684	226	8,573	3,260	3,315	2,173	-
Italy (including San Marino).....	-	-	-	-	-	-	-	-	-	-
Luxembourg.....	-	-	-	-	-	-	-	-	-	-
Netherlands.....	3	3	131,807	78,195	851	1,044	-	-	-	-
Norway.....	-	-	-	-	-	-	-	-	-	-
Spain.....	-	-	-	-	-	-	-	-	-	-
Sweden.....	-	-	-	-	-	-	-	-	-	-
Switzerland.....	3	3	54,032	43,855	1,323	4,432	1,502	1,513	-	-
United Kingdom.....	10	32	1,652,053	883,660	68,010	81,815	25,761	22,774	9,831	-
West Germany.....	7	12	920,158	1,099,525	67,133	70,277	16,198	16,397	20,906	-
Africa, total.....	-	-	-	-	-	-	-	-	-	-
Liberia.....	-	-	-	-	-	-	-	-	-	-
South Africa (including Namibia).....	-	-	-	-	-	-	-	-	-	-
OPEC countries.....	-	-	-	-	-	-	-	-	-	-
Asia, total.....	8	10	640,268	519,978	125,916	129,255	26,224	26,347	20,000	20,185
Hong Kong.....	6	6	230,634	288,362	117,087	117,087	18,191	18,191	20,000	20,185
Indonesia.....	-	-	-	-	-	-	-	-	-	-
Japan (including Okinawa and Ryukyu).....	-	-	-	-	-	-	-	-	-	-
Middle East countries (excluding OPEC).....	-	-	-	-	-	-	-	-	-	-
OPEC countries (excluding Indonesia).....	-	-	-	-	-	-	-	-	-	-
Philippines.....	-	-	-	-	-	-	-	-	-	-
Oceania, total.....	6	12	684,708	291,116	15,352	19,045	3,771	2,941	743	7,016
Australia.....	6	11	654,853	280,301	15,477	19,045	3,771	2,941	743	7,016
Puerto Rico and U.S. Possessions, total.....	4	4	341,726	88,344	10,137	10,137	3,048	3,048	500	-
OPEC countries, total (included above).....	-	-	-	-	-	-	-	-	-	-
Tax haven countries, total (included above).....	18	33	4,448,962	1,022,540	256,450	277,358	34,427	34,829	94,505	131,169
Enterprises abroad of total.....										

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected Industry of U.S. corporation filing the return and selected country of Incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F Income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Finance, insurance, and real estate										
All geographic areas, total.....	119	871	179,847,139	25,555,032	3,603,201	4,142,392	866,010	843,291	578,365	362,347
Canada.....	44	83	15,115,567	3,352,869	361,921	392,144	106,173	107,415	52,398	—
Latin America, total.....	33	102	11,410,291	1,875,121	443,388	507,091	105,756	106,968	65,199	4,822
Brazil.....	10	25	1,411,987	343,752	117,553	150,626	48,571	49,751	26,872	—
Ecuador.....	3	6	836,520	250,319	17,631	34,661	13,589	13,589	3,993	—
Mexico.....	11	16	5,438,657	564,021	165,434	165,835	15,355	15,355	13,143	1,654
Panama (including Canal Zone).....	—	—	—	—	—	—	—	—	—	—
Venezuela.....	—	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total.....	55	109	24,285,472	3,880,355	805,895	939,485	37,985	36,624	254,112	308,488
The Bahamas.....	14	15	2,858,915	241,694	80,649	84,628	-329	-240	5,545	4,271
Bermuda.....	20	45	8,394,505	2,237,841	406,552	489,536	10,843	36,855	25,564	—
Netherlands Antilles.....	36	48	13,210,841	1,400,081	318,944	365,322	27,455	28,001	209,602	278,654
Europe, total.....	68	379	102,760,153	12,482,441	1,397,339	1,631,327	477,166	453,722	176,240	43,425
Austria.....	3	4	663,661	66,699	9,642	10,097	3,770	3,770	2,170	—
Belgium.....	15	26	5,102,528	579,615	66,254	71,108	14,147	14,622	6,449	115
Denmark.....	15	27	4,900,067	610,041	51,717	59,453	15,210	15,291	2,241	—
France (including Andorra).....	15	23	10,973,543	1,672,600	154,298	158,415	89,528	89,579	6,895	—
Italy (including San Marino).....	9	10	3,684,148	282,549	23,802	24,022	10,659	10,800	—	648
Luxembourg.....	8	9	1,182,594	36,710	-1,279	7,077	653	743	1,804	375
Netherlands.....	4	4	245,559	34,955	-1,451	618	30	52	—	—
Norway.....	10	12	3,255,371	425,095	44,652	45,359	9,488	9,488	—	—
Spain.....	4	4	235,516	23,799	-6,378	586	341	345	—	—
Switzerland.....	15	24	6,577,658	701,617	135,345	142,858	19,344	19,384	5,168	719
United Kingdom.....	58	196	50,533,336	6,368,698	638,912	825,700	213,879	189,464	111,288	1,101
West Germany.....	13	26	14,154,309	1,463,716	259,858	262,726	98,812	98,880	27,635	40,468
Africa, total.....	15	24	955,912	231,818	28,953	45,338	12,519	13,163	4,096	2,109
Liberia.....	8	11	1,259,080	42,833	18,574	18,202	7,049	7,071	—	—
South Africa (including Namibia).....	4	4	359,021	144,385	20,195	20,195	6,405	6,405	—	—
OPEC countries.....	—	—	—	—	—	—	—	—	—	—
Asia, total.....	34	91	12,610,364	1,844,076	232,926	277,413	49,937	49,602	18,887	146
Hong Kong.....	29	49	9,582,609	1,237,639	168,546	178,882	27,484	27,446	15,361	146
Indonesia.....	3	3	64,316	5,327	3,364	3,504	418	1,013	442	—
Japan (including Okinawa and Ryukyu).....	9	13	944,739	244,262	10,358	33,751	13,229	13,217	1,189	—
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	—	—	—	—	—	—	—	—	—	—
Oceania, total.....	25	65	10,621,908	1,671,018	299,716	315,831	69,896	69,221	7,433	2,808
Australia.....	25	54	9,596,262	1,631,432	286,028	301,862	64,102	63,448	7,071	2,800
Puerto Rico and U.S. Possessions, total.....	13	18	2,087,473	217,334	33,063	33,964	4,576	4,576	—	548
OPEC countries, total (included above).....	4	7	172,512	15,193	3,572	3,922	545	1,371	728	—
Tax haven countries, total (included above).....	77	263	54,973,591	7,144,277	1,421,549	1,568,923	134,532	134,262	307,119	317,308

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected Industry of U.S. corporation filing the return and selected country of Incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								Subpart F Income
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Banking										
All geographic areas, total.....	41	444	114,681,555	11,785,996	1,752,667	1,972,616	489,544	465,777	218,286	197,270
Canada.....	11	17	6,122,557	501,147	64,096	64,886	34,208	34,387	726	—
Latin America, total.....	18	66	6,108,939	1,095,240	300,834	345,100	79,816	81,026	57,132	552
Brazil.....	6	20	1,321,494	290,235	113,842	144,405	47,720	48,900	26,842	—
Ecuador.....	—	—	—	—	—	—	—	—	—	—
Mexico.....	—	—	—	—	—	—	—	—	—	—
Panama (including Canal Zone).....	5	6	1,200,855	136,100	56,730	56,730	4,014	4,014	11,293	—
Venezuela.....	—	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total.....	21	36	10,978,807	1,063,939	257,130	302,790	11,368	11,667	95,782	154,201
The Bahamas.....	10	11	2,567,269	240,210	83,392	83,392	-355	-355	3,900	4,271
Bermuda.....	3	3	273,111	18,116	9,758	9,758	—	—	—	—
Netherlands Antilles.....	19	22	8,138,427	825,612	163,979	209,640	11,723	12,023	91,882	149,930
Europe, total.....	23	196	71,747,349	6,670,302	804,989	883,442	270,409	266,575	45,806	41,115
Austria.....	3	4	663,661	66,699	9,642	10,097	3,770	3,770	2,170	—
Belgium.....	7	12	3,653,936	399,569	47,598	47,716	10,730	10,674	3,963	—
Denmark.....	—	—	—	—	—	—	—	—	—	—
France (including Andorra).....	9	16	4,020,945	338,168	35,199	38,325	12,614	11,627	1,596	—
Italy (including San Marino).....	11	18	10,826,930	1,577,226	133,381	137,498	81,033	81,084	5,631	—
Luxembourg.....	3	7	3,000,263	232,323	19,241	19,461	9,390	9,531	—	648
Netherlands.....	3	3	1,050,107	215,107	3,665	6,393	506	506	1,804	—
Norway.....	3	3	222,915	31,546	-1,484	586	—	—	—	—
Spain.....	7	9	3,184,656	415,226	44,233	44,388	9,412	9,412	—	—
Sweden.....	—	—	—	—	—	—	—	—	—	—
Switzerland.....	10	14	1,932,247	207,771	40,393	47,906	6,197	6,237	2,629	—
United Kingdom.....	20	83	28,795,786	2,024,427	227,120	280,432	47,469	44,424	10,159	—
West Germany.....	7	19	13,101,316	1,284,981	245,311	246,352	86,815	86,815	16,104	40,468
Africa, total.....	9	18	708,555	147,242	9,037	20,847	7,354	7,917	3,369	699
Liberia.....	6	9	170,885	8,873	4,472	6,101	—	—	699	—
South Africa (including Namibia).....	—	—	—	—	—	—	—	—	—	—
OPEC countries.....	—	—	—	—	—	—	—	—	—	—
Asia, total.....	23	65	9,391,386	911,807	106,486	141,307	24,481	23,304	14,987	146
Hong Kong.....	23	38	7,168,764	731,690	76,704	86,799	17,206	17,169	14,360	146
Indonesia.....	—	—	—	—	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu).....	5	8	706,081	50,565	-12,406	7,634	67	-39	—	—
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	—	—	—	—	—	—	—	—	—	—
Oceania, total.....	14	42	9,443,036	1,360,973	208,447	211,707	61,046	60,038	664	8
Australia.....	14	36	8,519,052	1,336,352	204,902	208,052	59,292	58,305	664	—
Puerto Rico and U.S. Possessions, total.....	4	4	180,527	15,346	1,637	2,538	862	862	—	548
OPEC countries, total (included above).....	—	—	—	—	—	—	—	—	—	—
Tax haven countries, total (included above).....	36	139	28,942,798	2,688,418	547,015	618,759	65,613	64,913	129,496	156,246

Footnotes at end of table.

Table 1.-Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation - Continued
(Money amounts are in thousands of dollars)

Selected Industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Insurance										
All geographic areas, total.....	39	176	23,506,769	4,497,431	394,687	557,106	68,321	67,863	158,573	53,791
Canada.....	19	34	6,706,187	2,106,517	112,046	138,284	27,322	26,693	31,897	-
Latin America, total.....	8	17	916,123	158,281	8,894	26,936	2,721	2,721	2,005	472
Brazil.....	-	-	-	-	-	-	-	-	-	-
Ecuador.....	-	-	-	-	-	-	-	-	-	-
Mexico.....	-	-	-	-	-	-	-	-	-	-
Panama (including Canal Zone).....	-	-	-	-	-	-	-	-	-	-
Venezuela.....	-	-	-	-	-	-	-	-	-	-
Other Western Hemisphere, total.....	13	30	4,781,766	676,946	86,473	152,113	11,155	11,140	59,286	51,210
The Bahamas.....	3	3	81,312	1,262	-1,390	1,236	26	1,745	-	-
Bermuda.....	8	17	3,334,821	497,641	40,578	103,103	1,997	1,982	27,654	17,385
Netherlands Antilles.....	6	9	1,374,422	177,305	47,535	47,774	9,131	9,131	29,887	33,825
Europe, total.....	25	72	9,536,846	1,099,647	71,288	109,796	16,995	16,362	58,209	2,110
Austria.....	-	-	-	-	-	-	-	-	-	-
Belgium.....	5	9	1,123,108	118,317	7,448	12,112	1,538	2,218	1,511	-
Denmark.....	-	-	-	-	-	-	-	-	-	-
France (including Andorra).....	-	-	-	-	-	-	-	-	-	-
Italy (including San Marino).....	-	-	-	-	-	-	-	-	-	-
Luxembourg.....	-	-	-	-	-	-	-	-	-	-
Netherlands.....	-	-	-	-	-	-	-	-	-	-
Norway.....	-	-	-	-	-	-	-	-	-	-
Spain.....	-	-	-	-	-	-	-	-	-	-
Sweden.....	-	-	-	-	-	-	-	-	-	-
Switzerland.....	-	-	-	-	-	-	-	-	-	-
United Kingdom.....	20	49	7,198,619	735,640	48,126	77,863	12,811	11,493	44,573	1,016
West Germany.....	-	-	-	-	-	-	-	-	-	-
Africa, total.....	3	3	136,341	43,649	15,450	15,450	4,554	4,554	707	-
Liberia.....	-	-	-	-	-	-	-	-	-	-
South Africa (including Namibia).....	-	-	-	-	-	-	-	-	-	-
OPEC countries.....	-	-	-	-	-	-	-	-	-	-
Asia, total.....	4	6	421,068	127,886	1,387	7,760	596	690	-	-
Hong Kong.....	-	-	-	-	-	-	-	-	-	-
Indonesia.....	-	-	-	-	-	-	-	-	-	-
Japan (including Okinawa and Ryukyu).....	-	-	-	-	-	-	-	-	-	-
Middle East countries (excluding OPEC).....	-	-	-	-	-	-	-	-	-	-
OPEC countries (excluding Indonesia).....	-	-	-	-	-	-	-	-	-	-
Philippines.....	-	-	-	-	-	-	-	-	-	-
Oceania, total.....	5	11	808,848	250,119	86,120	93,738	4,848	5,573	6,469	-
Australia.....	5	8	750,858	242,408	78,428	86,044	2,155	2,880	6,108	-
Puerto Rico and U.S. Possessions, total.....	3	3	199,569	34,386	13,029	13,029	130	130	-	-
OPEC countries, total (included above).....	-	-	-	-	-	-	-	-	-	-
Tax haven countries, total (included above).....	15	48	6,365,700	888,892	120,443	186,735	16,862	16,847	72,718	52,776

Footnotes at end of table.

Table 1.-Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation - Continued
(Money amounts are in thousands of dollars)

Selected Industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Holding and other investment companies, except bank holding companies										
All geographic areas, total.....	4	19	1,073,292	2,005,361	184,213	188,789	44,794	44,790	9,204	5,416
Canada.....	"	"	"	"	"	"	"	"	"	"
Latin America, total.....	"	"	"	"	"	"	"	"	"	"
Brazil.....	"	"	"	"	"	"	"	"	"	"
Ecuador.....	"	"	"	"	"	"	"	"	"	"
Mexico.....	"	"	"	"	"	"	"	"	"	"
Panama (including Canal Zone).....	"	"	"	"	"	"	"	"	"	"
Venezuela.....	"	"	"	"	"	"	"	"	"	"
Other Western Hemisphere, total.....	"	"	"	"	"	"	"	"	"	"
The Bahamas.....	"	"	"	"	"	"	"	"	"	"
Bermuda.....	"	"	"	"	"	"	"	"	"	"
Netherlands Antilles.....	"	"	"	"	"	"	"	"	"	"
Europe, total.....	3	10	529,356	1,720,723	86,063	90,640	29,017	29,012	7,235	
Austria.....	"	"	"	"	"	"	"	"	"	"
Belgium.....	"	"	"	"	"	"	"	"	"	"
Denmark.....	"	"	"	"	"	"	"	"	"	"
France (including Andorra).....	"	"	"	"	"	"	"	"	"	"
Italy (including San Marino).....	"	"	"	"	"	"	"	"	"	"
Luxembourg.....	"	"	"	"	"	"	"	"	"	"
Netherlands.....	"	"	"	"	"	"	"	"	"	"
Norway.....	"	"	"	"	"	"	"	"	"	"
Spain.....	"	"	"	"	"	"	"	"	"	"
Sweden.....	"	"	"	"	"	"	"	"	"	"
Switzerland.....	"	"	"	"	"	"	"	"	"	"
United Kingdom.....	3	4	413,145	1,579,821	57,786	62,028	24,021	24,021	7,235	
West Germany.....	"	"	"	"	"	"	"	"	"	"
Africa, total.....	"	"	"	"	"	"	"	"	"	"
Liberia.....	"	"	"	"	"	"	"	"	"	"
South Africa (including Namibia).....	"	"	"	"	"	"	"	"	"	"
OPEC countries.....	"	"	"	"	"	"	"	"	"	"
Asia, total.....	"	"	"	"	"	"	"	"	"	"
Hong Kong.....	"	"	"	"	"	"	"	"	"	"
Indonesia.....	"	"	"	"	"	"	"	"	"	"
Japan (including Okinawa and Ryukyu).....	"	"	"	"	"	"	"	"	"	"
Middle East countries (excluding OPEC).....	"	"	"	"	"	"	"	"	"	"
OPEC countries (excluding Indonesia).....	"	"	"	"	"	"	"	"	"	"
Philippines.....	"	"	"	"	"	"	"	"	"	"
Oceania, total.....	"	"	"	"	"	"	"	"	"	"
Australia.....	"	"	"	"	"	"	"	"	"	"
Puerto Rico and U.S. Possessions, total.....	"	"	"	"	"	"	"	"	"	"
OPEC countries, total (included above).....	"	"	"	"	"	"	"	"	"	"
Tax haven countries, total (included above).....	"	"	"	"	"	"	"	"	"	"

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected Industry of U.S. corporation filing the return and selected country of Incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F Income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All other finance, insurance and real estate										
All geographic areas, total.....	35	232	40,565,523	7,266,244	1,271,634	1,423,882	263,351	244,862	192,302	105,670
Canada.....	13	28	1,920,645	482,358	95,915	99,109	30,905	30,598	19,776	—
Latin America, total.....	5	17	4,335,613	608,562	130,612	132,007	23,181	23,181	4,092	1,183
Brazil.....	3	3	58,609	49,874	6,221	6,221	851	851	31	—
Ecuador.....	—	—	—	—	—	—	—	—	—	—
Mexico.....	—	—	—	—	—	—	—	—	—	—
Panama (including Canal Zone).....	3	6	3,938,972	410,793	105,339	105,339	10,698	10,698	1,850	1,183
Venezuela.....	—	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total.....	20	41	8,498,680	2,113,906	459,856	482,146	15,462	15,817	99,044	103,078
The Bahamas.....	—	—	—	—	—	—	—	—	—	—
Bermuda.....	8	23	4,760,354	1,716,520	353,779	374,238	8,861	8,861	11,211	8,179
Netherlands Antilles.....	13	17	3,697,991	397,163	107,430	107,908	6,601	6,687	87,833	94,899
Europe, total.....	17	101	20,946,601	2,991,769	434,998	547,449	180,744	141,772	65,191	200
Austria.....	—	—	—	—	—	—	—	—	—	—
Belgium.....	3	5	325,485	61,730	11,208	11,280	1,879	1,730	970	115
Denmark.....	—	—	—	—	—	—	—	—	—	—
France (including Andorra).....	3	8	584,294	188,501	1,763	6,373	1,723	2,791	645	—
Italy (including San Marino).....	3	3	107,274	46,791	6,723	6,723	3,508	3,508	1,264	—
Luxembourg.....	—	—	—	—	—	—	—	—	—	—
Netherlands.....	—	—	—	—	—	—	—	—	—	—
Norway.....	—	—	—	—	—	—	—	—	—	—
Spain.....	—	—	—	—	—	—	—	—	—	—
Sweden.....	—	—	—	—	—	—	—	—	—	—
Switzerland.....	4	9	4,627,800	492,654	93,933	93,933	12,847	12,847	1,039	—
United Kingdom.....	15	60	14,121,785	2,028,810	305,860	405,377	129,579	109,526	49,321	85
West Germany.....	3	4	681,392	98,380	13,683	15,199	7,372	7,439	11,552	—
Africa, total.....	3	3	110,616	40,928	4,466	9,042	611	691	—	1,410
Liberia.....	—	—	—	—	—	—	—	—	—	—
South Africa (including Namibia).....	—	—	—	—	—	—	—	—	—	—
OPEC countries.....	—	—	—	—	—	—	—	—	—	—
Asia, total.....	7	20	2,797,910	804,383	125,041	128,348	24,861	25,608	3,900	—
Hong Kong.....	4	8	2,113,145	478,846	84,324	84,324	9,582	9,582	1,001	—
Indonesia.....	—	—	—	—	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu).....	—	—	—	—	—	—	—	—	—	—
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	—	—	—	—	—	—	—	—	—	—
Oceania, total.....	5	11	268,102	56,735	2,349	7,385	4,002	3,510	299	—
Australia.....	5	9	224,391	49,482	101	4,935	2,655	2,263	299	—
Puerto Rico and U.S. Possessions, total.....	6	11	1,707,357	167,603	18,397	18,397	3,565	3,565	—	—
OPEC countries, total (included above).....	—	—	—	—	—	—	—	—	—	—
Tax haven countries, total (included above).....	24	71	19,578,682	3,548,365	748,902	777,945	52,016	52,466	102,935	105,670

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected Industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Services										
All geographic areas, total.....	38	193	6,506,722	3,442,382	534,595	619,133	142,617	143,970	175,254	51,399
Canada.....	14	22	885,166	447,044	83,348	88,485	28,164	28,164	526	130
Latin America, total.....	6	11	301,297	92,593	32,109	33,616	2,103	2,103	2,017	12,794
Brazil.....	3	3	77,280	51,817	1,718	3,225	1,241	1,241	517	-
Ecuador.....	-	-	-	-	-	-	-	-	-	-
Mexico.....	-	-	-	-	-	-	-	-	-	-
Panama (including Canal Zone).....	-	-	-	-	-	-	-	-	-	-
Venezuela.....	-	-	-	-	-	-	-	-	-	-
Other Western Hemisphere, total.....	14	19	1,276,273	556,932	75,116	106,715	23,752	23,752	129,729	35,303
The Bahamas.....	-	-	-	-	-	-	-	-	-	-
Bermuda.....	6	7	152,800	12,442	3,363	5,655	-	-	-	4,632
Netherlands Antilles.....	7	7	883,554	84,279	1,704	29,602	6,897	6,897	24,989	30,562
Europe, total.....	30	124	3,396,207	1,943,798	289,530	330,106	59,317	60,140	34,202	3,172
Austria.....	-	-	-	-	-	-	-	-	-	-
Belgium.....	-	-	-	-	-	-	-	-	-	-
Denmark.....	-	-	-	-	-	-	-	-	-	-
France (including Andorra).....	5	10	179,080	101,406	8,854	11,632	4,279	3,621	1,119	-
Italy (including San Marino).....	5	7	124,924	78,497	5,243	10,889	5,065	5,106	4,000	-
Luxembourg.....	-	-	-	-	-	-	-	-	-	-
Netherlands.....	9	20	1,028,315	218,735	144,967	159,874	17,721	17,728	7,218	275
Norway.....	-	-	-	-	-	-	-	-	-	-
Spain.....	5	7	104,179	25,597	9,303	10,098	3,391	3,391	4,121	-
Sweden.....	-	-	-	-	-	-	-	-	-	-
Switzerland.....	3	6	121,286	44,631	571	1,629	90	272	-	-
United Kingdom.....	24	54	1,444,866	1,231,529	65,937	79,233	11,235	12,505	7,735	2,897
West Germany.....	9	14	275,743	240,270	50,443	51,154	15,176	15,176	9,775	-
Africa, total.....	-	-	-	-	-	-	-	-	-	-
Liberia.....	-	-	-	-	-	-	-	-	-	-
South Africa (including Namibia).....	-	-	-	-	-	-	-	-	-	-
OPEC countries.....	-	-	-	-	-	-	-	-	-	-
Asia, total.....	6	6	357,045	277,042	47,058	48,440	23,909	23,909	8,433	-
Hong Kong.....	-	-	-	-	-	-	-	-	-	-
Indonesia.....	-	-	-	-	-	-	-	-	-	-
Japan (including Okinawa and Ryukyu).....	-	-	-	-	-	-	-	-	-	-
Middle East countries (excluding OPEC).....	3	3	236,514	190,598	23,094	23,094	18,054	18,054	6,389	-
OPEC countries (excluding Indonesia).....	-	-	-	-	-	-	-	-	-	-
Philippines.....	-	-	-	-	-	-	-	-	-	-
Oceania, total.....	5	10	190,941	122,974	3,777	6,115	4,049	4,578	347	-
Australia.....	5	10	190,941	122,974	3,777	6,115	4,049	4,578	347	-
Puerto Rico and U.S. Possessions, total.....	-	-	-	-	-	-	-	-	-	-
OPEC countries, total (included above).....	-	-	-	-	-	-	-	-	-	-
Tax haven countries, total (included above).....	20	55	2,737,172	952,580	269,762	321,849	48,405	46,593	140,713	35,578

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Business services										
All geographic areas, total.....	10	64	1,487,140	993,290	82,710	93,343	35,895	36,917	15,534	12,794
Canada.....	6	7	293,410	82,004	3,576	6,517	3,369	3,369	526	—
Latin America, total.....	3	3	46,923	8,067	1,272	2,779	495	495	517	12,794
Brazil.....	—	—	—	—	—	—	—	—	—	—
Ecuador.....	—	—	—	—	—	—	—	—	—	—
Mexico.....	—	—	—	—	—	—	—	—	—	—
Panama (including Canal Zone).....	—	—	—	—	—	—	—	—	—	—
Venezuela.....	—	—	—	—	—	—	—	—	—	—
Other Western Hemisphere, total.....	—	—	—	—	—	—	—	—	—	—
The Bahamas.....	—	—	—	—	—	—	—	—	—	—
Bermuda.....	—	—	—	—	—	—	—	—	—	—
Netherlands Antilles.....	—	—	—	—	—	—	—	—	—	—
Europe, total.....	8	48	1,006,308	873,901	77,932	81,105	26,361	27,343	11,823	—
Austria.....	—	—	—	—	—	—	—	—	—	—
Belgium.....	—	—	—	—	—	—	—	—	—	—
Denmark.....	—	—	—	—	—	—	—	—	—	—
France (including Andorra).....	3	7	132,145	25,223	7,316	8,247	4,012	4,248	729	—
Italy (including San Marino).....	—	—	—	—	—	—	—	—	—	—
Luxembourg.....	—	—	—	—	—	—	—	—	—	—
Netherlands.....	3	4	62,852	17,152	6,974	6,974	2,627	2,627	1,439	—
Norway.....	—	—	—	—	—	—	—	—	—	—
Spain.....	3	5	83,298	18,452	9,909	9,909	3,391	3,391	4,121	—
Sweden.....	—	—	—	—	—	—	—	—	—	—
Switzerland.....	—	—	—	—	—	—	—	—	—	—
United Kingdom.....	7	19	517,392	737,633	23,382	25,438	7,037	7,783	1,699	—
West Germany.....	4	7	117,951	31,220	17,213	17,400	3,186	3,186	419	—
Africa, total.....	—	—	—	—	—	—	—	—	—	—
Uberia.....	—	—	—	—	—	—	—	—	—	—
South Africa (including Namibia).....	—	—	—	—	—	—	—	—	—	—
OPEC countries.....	—	—	—	—	—	—	—	—	—	—
Asia, total.....	—	—	—	—	—	—	—	—	—	—
Hong Kong.....	—	—	—	—	—	—	—	—	—	—
Indonesia.....	—	—	—	—	—	—	—	—	—	—
Japan (including Okinawa and Ryukyu).....	—	—	—	—	—	—	—	—	—	—
Middle East countries (excluding OPEC).....	—	—	—	—	—	—	—	—	—	—
OPEC countries (excluding Indonesia).....	—	—	—	—	—	—	—	—	—	—
Philippines.....	—	—	—	—	—	—	—	—	—	—
Oceania, total.....	3	5	64,261	29,319	-77	934	767	807	347	—
Australia.....	3	5	64,261	29,319	-77	934	767	807	347	—
Puerto Rico and U.S. Possessions, total.....	—	—	—	—	—	—	—	—	—	—
OPEC countries, total (included above).....	—	—	—	—	—	—	—	—	—	—
Tax haven countries, total (included above).....	3	5	70,658	20,284	7,335	7,335	2,750	2,750	1,662	—

Footnotes at end of table.

Table 1.—Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes, and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of U.S. Corporation Filing the Return and Selected Country of Incorporation of "Top 7500" Controlled Foreign Corporation — Continued
(Money amounts are in thousands of dollars)

Selected industry of U.S. corporation filing the return and selected country of incorporation of "Top 7500" Controlled Foreign Corporation	Number of U.S. corporation returns	"Top 7500" Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Gross receipts	Earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Total distributions out of earnings and profits	Subpart F income
						Earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All other services										
All geographic areas, total	28	129	5,019,582	2,449,092	451,885	525,790	106,721	107,053	159,720	36,605
Canada	8	15	591,756	365,040	79,773	79,968	24,795	24,795	-	130
Latin America, total	3	8	254,374	84,526	30,836	30,836	1,608	1,608	1,500	-
Brazil	-	-	-	-	-	-	-	-	-	-
Ecuador	-	-	-	-	-	-	-	-	-	-
Mexico	-	-	-	-	-	-	-	-	-	-
Panama (including Canal Zone)	-	-	-	-	-	-	-	-	-	-
Venezuela	-	-	-	-	-	-	-	-	-	-
Other Western Hemisphere, total	14	19	1,276,273	558,932	75,116	106,715	23,752	23,752	129,729	35,303
The Bahamas	-	-	-	-	-	-	-	-	-	-
Bermuda	6	7	152,800	12,442	3,363	5,655	-	-	-	4,632
Netherlands Antilles	7	7	883,554	84,279	-1,704	29,602	6,897	6,897	24,989	30,562
Europe, total	22	76	2,387,899	1,069,697	211,596	249,001	32,955	32,797	22,379	3,172
Austria	-	-	-	-	-	-	-	-	-	-
Belgium	-	-	-	-	-	-	-	-	-	-
Denmark	-	-	-	-	-	-	-	-	-	-
France (including Andorra)	-	-	-	-	-	-	-	-	-	-
Italy (including San Marino)	3	4	69,813	37,408	-3,508	2,138	763	786	818	-
Luxembourg	-	-	-	-	-	-	-	-	-	-
Netherlands	6	16	965,463	201,583	137,993	152,900	15,094	15,101	5,779	275
Norway	-	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-	-	-	-
Sweden	-	-	-	-	-	-	-	-	-	-
Switzerland	3	6	121,286	44,631	-571	1,629	90	272	-	-
United Kingdom	17	35	927,474	493,896	42,554	53,795	4,198	4,723	6,036	2,897
West Germany	5	7	157,792	209,049	33,229	33,753	11,990	11,990	9,356	-
Africa, total	-	-	-	-	-	-	-	-	-	-
Liberia	-	-	-	-	-	-	-	-	-	-
South Africa (including Namibia)	-	-	-	-	-	-	-	-	-	-
OPEC countries	-	-	-	-	-	-	-	-	-	-
Asia, total	5	5	262,807	277,042	47,051	48,433	19,006	19,006	6,112	-
Hong Kong	-	-	-	-	-	-	-	-	-	-
Indonesia	-	-	-	-	-	-	-	-	-	-
Japan (including Okinawa and Ryukyu)	-	-	-	-	-	-	-	-	-	-
Middle East countries (excluding OPEC)	-	-	-	-	-	-	-	-	-	-
OPEC countries (excluding Indonesia)	-	-	-	-	-	-	-	-	-	-
Philippines	-	-	-	-	-	-	-	-	-	-
Oceania, total	3	5	126,690	93,655	3,854	5,181	3,282	3,772	-	-
Australia	3	5	126,690	93,655	3,854	5,181	3,282	3,772	-	-
Puerto Rico and U.S. Possessions, total	-	-	-	-	-	-	-	-	-	-
OPEC countries, total (included above)	-	-	-	-	-	-	-	-	-	-
Tax haven countries, total (included above)	17	50	2,668,514	932,296	262,427	314,514	45,655	45,843	139,052	35,578

*Data deleted to avoid disclosure of information for specific corporations.
Note: Detail may not add to total because of rounding.

U.S. corporations that control foreign corporations must file a Form 5471, Information Return with Respect to a Foreign Corporation, for each Controlled Foreign Corporation (CFC) that they own. The 1988 CFC study includes Forms 5471 attached to Forms 1120, U.S. Corporation Income Tax Return, filed by U.S. corporations with at least \$500 million of total assets. Data contained in the following two tables are for the 7500 CFC's reporting the largest total assets.

Table 1 contains preliminary data for the Top 7500 CFC's classified by the industry of the CFC. These 7500 largest CFC's were controlled by 751 U.S. corporations. These CFC's had nearly \$953.8 billion of total assets, up from \$740.4 billion for 1986. The largest CFC's reported current earnings and profits before taxes of \$78.9 billion out of gross receipts of \$817.3 billion. These amounts increased from the 1986 amounts of \$56.6 billion and \$589.9 billion, respectively. The Top 7500 CFC's paid \$23.7 billion of foreign taxes, an increase of \$4.7 billion over 1986. Although reporting an increase in after-tax earnings and profits of 47.1 percent, the increase in distributions over 1986 was much greater. The Top 7500 CFC's reported distributions for 1988 of \$45.4 billion, an increase of 108.9 percent from 1986.

The largest number of CFC's were involved in the manufacturing and the finance, insurance and real estate industries. The 3,060 manufacturing CFC's accounted for 35.8 percent of total assets, 58.8 percent of receipts, 59.6 percent of earnings and profits after tax, and 56.6

percent of distributions. CFC's involved in the financial industries accounted for 43.4 percent of total assets, 7.6 percent of receipts, 19.9 percent of after-tax earnings and profits, and 22.1 percent of distributions.

Table 2 contains preliminary data for the Top 7500 CFC's classified by the country of incorporation of the CFC. The largest number of CFC's were incorporated in the United Kingdom. The 1,158 CFC's incorporated in the U.K. had 21.5 percent of total assets, 16.6 percent of receipts, 15.8 percent of after-tax earnings and profits, and 20.7 percent of distributions. Canada was the country of incorporation for 881 CFC's. These CFC's accounted for 16.8 percent of total assets, 17.4 percent of receipts, 16.0 percent of after-tax earnings, and 15.3 percent of distributions. West Germany had the third largest number of CFC's, accounting for 493 of the Top 7500 CFC's. CFC's incorporated in West Germany had 8.6 percent of total assets, 11.2 percent of receipts, 7.9 percent of after-tax earnings and profits and 9.8 percent of distributions.

The data provided in Tables 1 and 2 are preliminary. These data have not been fully tested and corrected. (Final 1988 data will be published in the Statistics of Income Bulletin.) The amounts reported in column 1 are not additive because a U.S. corporation may have filed Forms 5471 for more than one of the Top 7500 CFC's. The data provided in columns 2 through 8 are reported on Form 5471, Information Return with Respect to a Foreign Corporation.

1988 Controlled Foreign Corporations, Preliminary Data

Table 1 -- Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Industry of Controlled Foreign Corporation

[Money amounts are in thousands of dollars]

Selected industry of "Top 7500" Controlled Foreign Corporations	Number of U.S. corporation returns	Controlled Foreign Corporations						
		Number of Controlled Foreign Corporations	Total assets	Gross receipts	Current earnings and profits (less deficits) before taxes	Foreign income taxes (net)	Current earnings and profits (less deficits) after taxes	Distributions of earnings and profits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries, total.....	751	7,500	953,787,326	817,309,472	78,919,544	23,663,076	55,256,468	45,386,028
Agriculture, forestry, and fishing.....	13	31	807,867	1,235,993	78,031	21,385	56,646	60,051
Mining.....	73	220	39,947,327	14,105,022	2,845,743	1,124,210	1,721,533	2,173,123
Oil and gas extraction.....	55	179	36,282,329	12,083,963	2,397,219	1,027,324	1,369,895	2,092,472
Construction.....	21	86	4,021,876	6,164,121	304,964	145,626	159,337	175,126
Manufacturing.....	420	3,060	341,135,366	480,940,232	48,708,120	15,781,628	32,926,493	25,695,364
Food and kindred products...	51	307	21,946,674	39,298,421	3,278,195	1,022,168	2,256,027	2,217,865
Chemicals and allied product	104	795	65,100,997	81,415,303	10,669,290	3,577,122	7,092,168	4,755,937
Petroleum (including integrated) and coal products.....	18	63	41,972,843	55,939,805	3,500,814	941,812	2,559,003	1,814,052
Electrical and electronic equipment.....	85	379	27,643,000	42,127,369	3,540,539	882,995	2,657,544	2,091,728
Motor vehicles and equipment	30	179	49,080,892	106,802,626	6,846,134	1,903,709	4,942,425	3,179,954
Transportation equipment except motor vehicles.....	17	26	2,306,325	2,851,777	267,492	71,904	195,587	273,552
Transportation and public utilities.....	72	194	18,458,833	11,680,656	1,322,159	393,398	928,761	528,920
Wholesale and retail trade...	267	1,260	104,107,838	221,934,934	10,315,311	3,779,260	6,536,051	6,098,023
Retail trade.....	50	160	15,200,281	28,755,776	1,185,773	470,854	714,919	588,053
Finance, insurance and real estate.....	464	2,059	413,952,897	61,849,816	12,821,167	1,805,914	11,015,253	10,051,839
Banking.....	42	231	95,217,918	10,617,964	984,687	256,910	727,777	245,651
Insurance.....	175	321	44,493,318	13,762,275	1,597,067	248,907	1,348,160	727,384
Services.....	200	577	30,655,528	18,792,232	2,312,110	604,863	1,707,246	602,621

Note: Detail may not sum to totals because all industry classifications are not shown.

1988 Controlled Foreign Corporations, Preliminary Data

Table 2 -- Number of U.S. Corporation Returns and Number, Total Assets, Receipts, Earnings, Taxes and Distributions of "Top 7500" Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation
(Money amounts are in thousands of dollars)

Selected country of "Top 7500" Controlled Foreign Corporations	Number of U.S. corporation returns (1)	Number of Controlled Foreign Corporations (2)	Controlled Foreign Corporations				Foreign income taxes (net) (6)	Current earnings and profits (less deficits) after taxes (7)	Distributions out of earnings and profits (8)
			Total assets (3)	Gross receipts (4)	Current earnings and profits (less deficits) before taxes (5)				
All geographic areas, total..	751	7,500	953,787,326	817,309,472	78,919,544	23,663,076	55,256,468	45,386,028	
Australia.....	200	351	38,328,861	25,514,341	2,363,193	820,897	1,542,296	557,351	
Belgium.....	130	213	23,760,853	20,872,845	1,745,567	462,600	1,282,967	860,513	
Bermuda.....	188	282	27,156,169	11,235,954	2,175,905	207,197	1,968,708	1,682,116	
Brazil.....	160	293	23,590,883	29,533,381	4,206,200	1,189,209	3,016,992	1,019,858	
Canada.....	463	881	160,404,095	142,098,971	12,844,343	4,010,024	8,834,318	6,947,323	
France.....	236	444	62,501,952	54,276,640	3,360,044	1,344,507	2,015,538	1,495,970	
Italy.....	196	333	31,484,144	33,899,012	2,206,451	1,226,508	979,943	1,328,161	
Japan.....	160	253	43,408,747	53,734,478	6,116,116	3,487,813	2,628,303	1,840,464	
Liberia.....	30	62	4,948,527	1,905,569	93,264	80	93,184	45,898	
Mexico.....	79	115	7,462,827	9,312,762	1,182,024	406,565	775,459	257,771	
Netherlands.....	187	368	41,142,624	35,918,924	4,474,173	976,370	3,497,803	2,494,138	
Singapore.....	66	88	6,174,502	6,473,076	509,089	51,595	457,494	608,241	
Switzerland.....	126	217	37,823,359	31,494,628	4,459,805	393,527	4,066,278	4,107,314	
United Kingdom.....	402	1,158	205,155,638	135,408,733	12,573,492	3,826,587	8,746,905	9,413,911	
West Germany.....	259	493	81,699,240	91,214,311	6,597,120	2,255,117	4,342,003	4,440,664	

Note: Detail may not sum to totals because all country classifications are not shown.

Note: Detail may not sum to totals because all country classifications are not shown.

Section 4

Foreign Sales Corporations

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Table 3.--Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Intercompany Pricing Method, p. 272.

The Foreign Sales Corporation (FSC) is a corporation incorporated in certain foreign countries and U.S. possessions for the purpose of exporting U.S. products. The FSC provisions of the Internal Revenue Code were enacted in 1984 to replace the Domestic International Sales

Corporation (DISC) which was subject to proceedings in the General Agreement on Tariffs and Trade regarding whether the DISC was an illegal export subsidy.

In order to become a FSC, the foreign corporation must meet several organizational and foreign presence requirements. These requirements include the maintenance of an office outside the United States and the participation of the corporation outside the United States in certain economic processes. If these requirements are met, the FSC can exempt a portion of its foreign trade income from U.S. tax. Furthermore, corporate U.S. shareholders of a FSC can exclude from U.S. tax all dividends received from the FSC that are attributable to the FSC's foreign trade income.

The reader is referred to Section 15 of this compendium for the form and the instructions listed below, which provided the basis of the FSC data.

* Form 1120-FSC, U.S. Income Tax Return of a Foreign Sales Corporation, and Instructions (p. 477)

All Returns of Active Foreign Sales Corporations

Table 1.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Major Product or Service

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major product or service	Number of returns	Total assets	Commissions and accounts receivable	Total current and long-term liabilities	Schedule P gross receipts	Total income			Cost of goods sold	Direct costs		Total foreign trade deductions	
						Administrative foreign trade	Non-administrative foreign trade	Non-foreign trade		Administrative	Non-administrative	Administrative	Non-administrative
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All products and services	2,613	5,582,757	4,579,930	3,118,065	84,280,131	17,629,033	2,658,229	206,584	12,264,906	1,787,658	108,169	3,647,521	337,894
Nonmanufactured products and services	319	486,081	352,589	229,810	10,545,810	943,281	314,629	2,405	451,184	227,737	42,060	370,684	62,459
Grains and soybeans	12	142,558	106,982	59,865	6,309,395	315,949	158,662	59	61,314	157,916	37,046	184,289	54,876
Cotton	37	44,074	30,042	27,008	780,702	49,037	—	285	—	23,864	—	29,717	—
Crops, except cotton, grains and soybeans	34	22,133	19,810	15,992	529,837	28,492	—	63	—	4,363	—	12,694	—
Livestock and livestock products	33	18,157	5,234	12,356	395,856	280,174	115,682	1,833	356,677	9,553	4,994	15,364	5,454
Farm products and services	33	13,868	11,506	—	240,489	20,107	—	—	—	6,261	—	10,722	—
Metal mining, except iron ores, products and services	9	37,239	27,169	4,483	271,919	39,856	—	—	705	911	—	1,150	—
Chemical and fertilizer material products and services	33	9,964	7,635	3,181	299,123	19,748	—	—	—	8,679	—	10,497	—
Export management services	18	22,876	22,775	16,280	138,498	22,832	—	31	—	3,990	11	14,536	31
Computer software	20	99,015	99,291	73,906	341,802	97,045	—	—	—	6,037	—	68,168	—
Motion picture distribution	32	16,441	10,182	5,237	279,283	29,981	9,452	65	7,065	1,908	—	4,815	579
Engineering and architectural services	22	1,577	1,611	177	89,142	6,179	—	—	1,648	101	—	292	—
Manufactured products	2,294	5,095,676	4,217,341	2,886,255	73,734,321	16,685,772	2,343,600	204,179	11,813,722	1,559,922	66,109	3,276,837	275,435
Ordnance and accessories	4	15,719	15,880	3,040	10,069	837	—	—	—	7	—	7	44
Ammunition, except for small arms	4	15,719	15,880	3,040	10,069	837	—	—	—	7	—	7	44
Food and kindred products	147	136,727	131,701	79,438	2,500,802	658,588	80,546	58,504	540,314	39,609	735	124,165	1,427
Meat products	41	31,271	31,104	17,013	727,170	292,630	37,865	38,951	296,787	1,704	735	16,401	880
Canned and preserved fruits, vegetables and seafoods	8	9,108	9,057	3,662	264,642	11,195	—	—	—	2,417	—	4,504	—
Grain mill products	9	37,228	35,880	31,078	209,175	42,347	—	—	—	11,561	—	34,958	—
Beverages	9	9,473	9,342	314	138,988	40,817	—	1	16,612	8,035	—	13,871	—
Tobacco manufactures	10	80,718	79,623	8,220	2,969,015	305,886	—	70	—	147,729	—	214,939	—
Cigarettes	3	62,274	62,137	1,691	2,268,159	281,209	—	—	—	146,723	—	206,383	—
Tobacco stemming and reworking	6	17,534	17,430	5,943	559,985	17,250	—	—	—	906	—	3,707	—
Textile mill products	17	2,449	2,376	376	181,117	9,991	—	8,430	6,763	1,196	—	4,715	—
Yarn and thread mills	8	848	813	27	30,397	2,435	—	—	—	—	—	1,850	—
Apparel and other finished products made from fabrics and similar materials	5	1,841	1,580	59	16,182	2,122	—	139	115	328	—	1,058	—
Lumber and wood products, except furniture	34	93,587	62,245	45,751	930,735	409,191	100,020	81,872	399,716	14,680	—	75,124	682
Milkwork, veneer, plywood, and prefabricated structural wood products	9	54,355	45,684	33,083	390,693	217,783	100,020	81,730	281,177	14,398	—	20,577	682
Furniture and fixtures	14	4,325	4,503	3,718	52,436	17,166	—	—	13,095	947	—	3,151	—
Office furniture	3	4,231	4,219	3,702	36,940	1,670	—	—	—	947	—	1,097	—
Paper and allied products	52	156,044	135,704	97,360	1,569,288	263,221	23,597	3,304	32,957	108,129	953	164,983	2,147
Pulp mills	8	53,345	52,938	43,838	314,895	63,364	—	—	—	33,398	—	39,825	—
Paper mills, except building paper mills	8	25,891	9,691	17,499	123,279	28,569	19,293	—	17,177	529	4	12,349	150
Paperboard mills	4	24,691	22,076	905	578,731	88,636	4,303	7	2,154	57,797	949	60,888	1,996
Converted paper and paperboard products, except boxes	15	41,580	41,135	29,050	364,218	49,742	—	3,297	13,626	9,628	—	22,447	—
Paperboard containers and boxes	11	661	—	—	41,862	5,194	—	—	—	4,497	—	—	—
Building paper and building board mills	6	9,875	9,865	6,069	146,182	27,717	—	—	—	6,789	—	24,158	—
Printing, publishing, and allied products	57	30,510	16,678	7,787	191,020	27,673	12,817	725	9,628	8,280	24	10,841	2,065
Periodicals, publishing, printing	6	3,147	2,851	1,482	16,990	3,301	—	—	—	1,295	—	1,389	11
Books	47	18,366	6,562	205	133,112	20,636	—	587	—	8,129	—	—	—
Chemicals and allied products	173	1,337,691	1,071,698	1,047,639	12,209,528	2,307,578	1,301,753	13,571	1,649,345	625,807	47,491	972,006	121,848
Industrial inorganic and organic chemicals	39	632,280	414,890	691,482	3,824,475	447,010	1,259,250	10,718	1,027,773	61,578	44,771	212,452	115,358
Plastic materials, synthetic and other man-made fibers	16	306,888	299,262	144,095	4,157,618	783,162	—	83	—	454,474	—	528,976	—
Drugs	50	173,161	149,235	86,790	1,898,152	603,776	3,173	183	463,970	24,535	6	46,547	779
Soaps, detergents, and toilet preparations	15	15,698	13,039	5,643	68,856	19,128	—	—	—	3,805	—	8,279	—
Paints and allied products	8	8,623	6,536	5,097	29,232	19,208	—	24	16,169	87	—	277	—
Gum and wood chemicals	3	43,665	42,189	33,109	486,774	92,683	107	1	—	9,578	1	55,105	8
Agricultural chemicals	3	17,508	17,448	11,346	214,098	117,809	—	—	98,731	8,086	—	12,022	—

All Returns of Active Foreign Sales Corporations

Table 1.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Major Product or Service—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major product or service	Total non-foreign trade deductions (14)	Net income			Net income (less deficit) (18)	Net income (19)	Deficit (20)	Taxable income (21)	Net exempt income		Total tax (24)	Income tax (25)
		Administrative (15)	Non-administrative (16)	Non-foreign trade (17)					Administrative (22)	Non-administrative (23)		
All products and services	190,439	1,188,034	243,749	18,145	1,294,109	1,294,919	811	1,291,673	2,004,396	104,534	507,111	505,028
Nonmanufactured products and services	1,867	106,870	47,369	538	118,746	118,900	153	118,897	199,871	20,355	45,224	45,115
Gins and soybeans	—	45,795	29,731	59	45,856	45,856	—	45,856	85,864	12,742	17,047	17,047
Cotton	23	6,720	—	—	4,614	4,665	51	4,665	12,600	—	1,873	1,873
Crops, except cotton, grain, and soybeans	—	5,495	—	—	1,625	1,637	12	1,637	10,303	—	534	534
Livestock and livestock products	1,788	722	12,554	45	13,361	13,361	—	13,361	5,380	—	5,389	5,389
Fishery products and services	—	13,218	—	—	13,218	13,218	—	13,218	6,264	—	1,274	1,274
Metal mining, except iron ores, products and services	—	3,218	—	—	3,218	3,218	—	3,218	6,033	—	5,249	5,184
Chemical and fertilizer mineral products and services	—	3,218	—	—	3,218	3,218	—	3,218	5,411	—	1,159	1,159
Export management services	10	2,885	—	21	2,885	2,909	24	2,909	18,043	—	3,654	3,654
Computer software	—	10,070	—	—	10,071	10,048	—	10,048	16,413	579	3,682	3,675
Motion picture distribution	—	8,754	1,230	65	10,048	10,048	—	10,048	2,768	—	595	595
Engineering and architectural services	1	1,471	—	—	1,470	1,473	3	1,473	—	—	—	—
Manufactured products	188,571	1,081,164	196,381	15,607	1,175,382	1,176,020	657	1,172,776	1,806,424	84,178	461,887	459,913
Outdance and accessories	—	562	—	—	531	562	31	562	268	—	259	259
Ammunition, except for small arms	—	562	—	—	531	562	31	562	268	—	259	259
Food and kindred products	58,712	23,669	3,780	—209	24,310	24,330	20	24,310	44,379	1,620	7,913	7,934
Meat products	39,394	4,279	—	—443	4,185	4,185	—	4,185	8,022	1,406	1,422	1,445
Canned and preserved meats	—	2,328	—	—	2,328	2,328	—	2,328	4,264	—	868	868
Grain mill products	—	2,570	—	—	2,570	2,570	—	2,570	4,819	—	970	970
Beverages	6	3,629	—	—	3,629	3,629	—	3,629	6,805	—	1,384	1,384
Tobacco manufactures	—	31,634	—	65	31,699	31,699	—	31,699	39,313	—	10,414	10,398
Cigarettes	—	26,027	—	—	26,027	26,027	—	26,027	48,799	—	2,009	2,009
Tobacco stemming and redrying	—	4,711	—	—	4,711	4,711	—	4,711	8,333	—	680	680
Textile mill products	8,345	1,640	—	85	1,725	1,729	4	1,729	3,074	—	72	72
Yarn and thread	—	204	—	—	204	204	—	204	382	—	—	—
Apparel and other finished products made from fabrics and similar materials	139	268	—	—	268	268	—	267	502	—	107	107
Lumber and wood products, except furniture	80,718	30,545	1,261	1,155	32,960	32,962	2	32,962	57,481	540	12,900	12,863
Milk, cream, and other dairy products	80,715	3,302	1,261	1,015	5,577	5,577	—	5,577	6,381	540	2,040	2,039
Furniture and fixtures	—	320	—	—	320	320	—	320	600	—	123	123
Office furniture	—	199	—	—	199	199	—	199	373	—	74	74
Paper and allied products	3,160	28,593	1,483	143	30,220	30,222	2	30,213	53,612	636	12,123	12,014
Pulp mills	—	8,188	—	—	8,188	8,189	—	8,188	15,352	—	3,282	3,282
Paper mills, except building paper mills	—	5,842	—	—	5,842	5,842	—	5,842	10,578	590	2,820	2,808
Paperboard mills	—	1,662	107	7	9,765	9,765	—	9,765	18,097	46	3,909	3,903
Converted paper and paperboard products, except boxes	3,160	3,608	—	137	3,744	3,744	—	3,738	6,764	—	1,513	1,486
Paperboard containers and boxes	—	267	—	—	267	267	—	267	500	—	107	107
Building paper and building board mills	—	1,238	—	—	1,238	1,238	—	1,238	2,331	—	492	429
Printing, publishing, and allied products	35	5,855	787	690	6,537	6,544	8	6,544	10,978	337	2,366	2,364
Periodicals publishing, printing	—	665	—	—	665	665	—	665	1,247	—	256	256
Books	—	4,350	—	587	4,937	4,937	—	4,937	8,156	—	1,734	1,732
Chemicals and allied products	3,710	228,531	149,947	9,861	230,435	230,465	29	230,436	422,191	64,263	115,820	115,524
Industrial inorganic and organic chemicals	3,674	48,641	147,959	7,044	107,547	107,547	5	107,547	63,411	—	43,063	42,859
Plastic materials, synthetic and other man-made fibers	—	85,502	—	83	85,585	85,585	—	85,585	165,684	—	35,406	35,295
Drugs	12	33,248	44	—	33,464	33,474	10	33,465	62,342	19	13,311	13,276
Soaps, detergents, and toilet preparations	2	3,770	—	13	972	984	11	984	1,802	—	411	409
Paints and allied products	—	13,071	12	—	13,083	13,083	—	13,083	24,507	5	5,228	5,228
Gum and wood chemicals	—	2,455	—	—	2,455	2,455	—	2,455	4,603	—	969	968
Agricultural chemicals	—	—	—	—	—	—	—	—	—	—	—	—

All Returns of Active Foreign Sales Corporations

Table 1.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Major Product or Service—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major product or service	Number of returns	Total assets (2)	Commissions and accounts receivable (3)	Total current and long-term liabilities (4)	Schedule P gross receipts (5)	Total income		Cost of goods sold (9)	Direct costs		Total foreign trade deductions	
						Administrative foreign trade (6)	Non-foreign trade (7)		Administrative (10)	Non-administrative (11)	Administrative (12)	Non-administrative (13)
Manufactured products—Continued												
Rubber and miscellaneous plastic products	65	28,961	24,315	14,832	882,387	68,379	13,307	380	26,135	9,355	27,418	1,627
Tires and inner tubes	4	8,735	4,420	517	681,004	36,860	—	341	—	4,375	19,456	—
Leather and leather products	23	60,476	53,566	49,623	597,755	244,670	177,348	99	390,242	6,473	10,645	9,518
Footwear, except rubber	7	1,591	1,399	1,125	5,229	460	—	—	—	—	—	—
Stone, clay, glass and concrete products	21	22,104	20,366	11,817	518,736	44,808	—	—	3,550	—	24,081	—
Glass products, made or purchased glass	18	12,753	12,372	6,570	248,269	21,857	—	—	215	—	10,147	—
Primary metal products	56	79,273	78,654	48,905	1,060,017	125,099	—	1	16,751	38,449	68,050	—
Iron and steel foundries	30	12,170	12,131	2,419	159,182	12,091	—	—	217	—	1,152	—
Rolling, drawing, and extruding of nonferrous metals	4	10,441	10,427	8,543	18,450	18,450	—	—	16,751	180	—	859
Fabricated metal products, except ordnance, machinery and transportation equipment	152	99,942	89,251	53,610	1,319,936	170,086	46,634	5,194	76,681	10,509	59,099	5,182
Cutlery, hand tools, and general hardware	44	24,516	23,866	19,256	207,183	19,591	46,634	101	32,974	1,782	6,753	5,182
Heating apparatus and plumbing fixtures	32	16,738	14,156	9,590	243,621	45,105	—	67	19,913	3,087	16,130	—
Fabricated structural metal products	6	348	339	185	24,389	1,387	—	—	—	12	20	—
Screw machine products	30	66	63	46	5,000	408	—	2	—	—	7	—
Metal stampings	9	5,241	5,181	513	157,397	16,619	—	—	—	—	9,464	—
Machinery, except electrical	358	1,184,080	960,791	594,593	13,356,565	2,287,366	81,630	11,177	1,240,125	240,894	433,282	33,130
Engines and turbines	13	446,537	275,620	275,726	2,970,279	1,344,033	36,891	47	1,091,824	16,834	84,287	22,008
Farm machinery and equipment	16	16,777	15,855	11,680	97,270	13,153	9,686	38	8,863	—	9,587	—
Construction, mining, and materials handling equipment	38	23,873	10,387	9,367	2,041,420	100,891	6,549	135	17,063	19,179	36,833	4,262
Metalworking machinery and equipment	13	4,020	3,769	1,114	70,171	9,287	—	—	—	1,186	6,430	—
Special industry machinery, except metalworking	23	72,802	46,057	48,879	444,716	72,765	26,996	9,724	40,475	9,255	14,349	6,346
General industry machinery and equipment	23	12,680	12,471	1,688	411,470	17,416	—	—	—	1,725	5,499	—
Office, computing, and accounting machines	124	541,917	540,160	210,963	6,735,710	645,200	—	223	54,820	174,716	246,175	—
Service industry machines	35	36,781	29,869	23,456	156,290	44,928	—	—	23,248	2,577	12,671	—
Electrical machinery, equipment, and supplies	536	644,947	544,280	314,372	9,745,845	1,213,516	167,098	19,372	376,445	107,638	568,562	21,491
Electrical industrial apparatus	41	11,521	11,446	9,141	312,844	17,139	—	28	—	2,986	7,398	—
Household appliances	17	17,123	16,814	6,383	632,826	58,889	—	—	4,908	14,696	35,198	—
Electric lighting and wiring equipment	5	9,002	8,179	5,882	129,471	13,109	—	—	—	3,991	6,269	—
Radio and television sets, except communications	31	15,990	15,629	11,929	88,687	6,684	—	—	—	—	2,159	—
Communication equipment	55	93,997	91,093	33,617	1,580,136	199,599	—	1	6,128	6,457	126,915	—
Electronic components and accessories	225	317,613	230,627	166,380	3,884,397	613,690	126,342	685	283,960	45,151	70	277,789
Transportation equipment	178	915,428	756,415	419,095	23,206,536	8,016,074	96,772	648	6,622,026	158,684	344,824	62,786
Motor vehicles and motor vehicle equipment	63	393,147	354,512	81,185	11,932,518	27,236	31,607	408	27,236	61,307	151,362	4,300
Aircraft and parts	76	458,473	348,158	330,686	10,608,943	7,652,902	65,164	240	6,594,789	54,124	176,270	58,487
Ship and boat building and repairing	33	1,574	1,543	371	18,002	1,543	—	—	207	—	222	—
Professional, scientific, and controlling instruments; photographic and optical goods; watches and clocks	175	122,480	102,485	53,545	1,632,740	281,367	211,470	89	291,444	28,500	128,962	3,662
Engineering, laboratory and scientific equipment	46	31,197	30,731	18,308	291,669	46,895	—	—	12,246	—	36,573	—
Instruments for measuring physical characteristics	75	29,698	28,141	2,855	493,066	90,826	53	49	9,111	—	85,919	24
Optical instruments and lenses	8	7,312	4,067	511	117,114	7,273	—	—	—	940	1,528	—

All Returns of Active Foreign Sales Corporations

Table 1.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Major Product or Service—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major product or service	Total non-foreign trade deductions (14)	Net income			Net income (less deficit) (18)	Net income (19)	Deficit (20)	Taxable income (21)	Net exempt income		Total tax (24)	Income tax (25)
		Administrative (15)	Non-administrative (16)	Non-foreign trade (17)					Administrative (22)	Non-administrative (23)		
Manufactured products—Continued												
Rubber and miscellaneous plastic products	7	8,993	455	373	9,821	9,831	9	9,831	16,862	195	4,007	4,000
Tires and inner tubes	7	5,949	—	334	6,283	6,283	—	6,283	11,155	—	2,581	2,575
Leather and leather products	—	3,243	1,603	99	4,945	4,948	3	4,948	6,080	687	1,853	1,849
Footwear, except rubber	—	93	—	—	93	97	—	97	175	—	38	37
Stone, clay, glass and concrete products	—	7,210	—	—	7,210	7,210	—	7,210	13,518	—	3,388	2,783
Glass products, made or purchased glass	—	4,073	—	—	4,073	4,073	—	4,073	7,637	—	1,521	1,521
Primary metal products	—	14,017	—	1	14,018	14,018	—	14,018	26,281	—	5,496	5,482
Iron and steel foundries	—	3,982	—	—	3,982	3,982	—	3,982	7,487	—	1,589	1,575
Rolling, drawing, and extruding of nonferrous metals	—	292	—	—	292	292	—	292	548	—	117	117
Fabricated metal products, except exchange machinery and transportation equipment	4,749	21,601	9,665	445	31,711	31,719	8	31,719	40,177	4,142	12,309	12,289
Cutlery, hand tools, and general hardware	27	2,542	9,665	74	12,281	12,281	—	12,281	4,766	4,142	4,854	4,846
Heating apparatus and plumbing fixtures	53	3,152	—	14	3,166	3,166	—	3,166	5,910	—	1,252	1,250
Fabricated structural metal products	—	475	—	—	475	476	1	476	891	—	195	195
Screw machine products	7	139	—	—	139	140	1	140	251	—	41	41
Metal stampings	—	2,489	—	—	2,489	2,489	—	2,489	4,696	—	976	976
Machinery, except electrical	10,092	211,661	17,784	1,085	220,112	220,275	163	219,568	381,895	7,658	85,489	85,305
Engines and turbines	—	53,156	10,418	47	63,202	63,222	119	63,222	85,483	4,465	21,364	21,271
Farm machinery and equipment	—	1,240	—	—	1,240	1,284	3	1,284	2,308	—	492	492
Construction, mining, and materials handling equipment	106	16,694	1,601	29	18,324	18,337	14	17,630	31,301	686	7,304	7,282
Metallurgical machinery and equipment	—	994	—	—	994	995	1	995	1,863	—	400	400
Special industry machinery, except metalworking	8,988	7,429	5,237	735	13,401	13,401	—	13,401	13,929	2,281	4,958	4,958
General industry machinery and equipment	—	4,145	—	—	4,145	4,145	—	4,145	7,772	—	1,590	1,587
Office, computing, and accounting machines	49	119,690	—	174	119,864	119,880	16	119,880	224,415	—	45,941	45,877
Service industry machines	—	1,786	—	—	1,786	1,786	—	1,786	3,415	—	700	700
Electrical machinery, equipment, and supplies	18,842	157,729	3,454	530	161,712	162,018	306	162,018	224,345	1,460	63,071	62,795
Electrical industrial apparatus	1	3,378	—	27	3,405	3,405	—	3,405	6,334	—	1,288	1,288
Household appliances	—	6,533	—	—	6,534	6,534	—	6,534	12,250	—	2,610	2,608
Electric lighting and wiring equipment	2	2,379	—	—	2,379	2,379	—	2,379	4,461	—	908	906
Radio and television sets, except communication	—	2,570	—	—	2,570	2,570	—	2,570	4,661	—	155	155
Communication equipment	—	25,369	—	—	25,369	25,369	—	25,369	41,187	—	10,135	9,949
Electronic components and accessories	508	63,917	3,463	—	67,380	68,050	293	68,050	83,446	1,464	26,199	26,178
Transportation equipment	9	272,622	357	639	273,618	273,635	17	273,635	388,157	153	108,854	108,809
Motor vehicles and motor vehicle equipment	—	59,068	50	408	59,525	59,525	—	59,525	106,818	11	23,670	23,645
Aircraft and parts	9	197,057	308	231	197,596	197,604	9	197,604	269,103	132	78,712	78,671
Ship and boat building and repairing	—	401	—	—	401	407	5	407	920	—	61	61
Professional, scientific, and controlling instruments, photographic and optical goods, watches and clocks	27	22,155	5,762	61	22,266	22,259	22	22,259	38,341	2,469	8,713	8,735
Engineering, laboratory and scientific equipment	—	3,590	—	—	3,590	3,590	—	3,590	6,732	—	1,674	1,686
Instruments for measuring physical characteristics	25	9,923	20	24	9,967	9,978	10	9,978	15,918	9	3,525	3,523
Optical instruments and lenses	—	1,940	—	—	1,940	1,940	—	1,940	3,404	—	804	801
Surgical, medical, and dental instruments and supplies	2	6,074	—	—	6,074	6,084	12	6,084	11,389	—	2,443	2,418
Photographic equipment and supplies	—	627	5,742	—	6,369	6,367	—	6,367	11,776	2,461	267	266
Miscellaneous manufactured products and manufactured products not allocable	21	10,318	73	584	10,975	11,007	31	10,874	18,390	31	3,626	3,624
Toys, amusement, sporting and athletic goods	—	2,586	—	3	2,589	2,589	—	2,589	5,216	—	662	662

Note: Detail may not add to total because only selected products and services are included.

All Returns of Active Foreign Sales Corporations

Table 2.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Country of Incorporation

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country	Number of returns	Total assets	Commissions and accounts receivable	Total current and long-term liabilities	Schedule P gross receipts	Total income			Cost of goods sold	Direct costs		Total foreign trade deductions	
						Administrative foreign trade	Non-administrative foreign trade	Non-foreign trade		Administrative	Non-administrative	Administrative	Non-administrative
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
All countries, total	2,813	5,562,757	4,579,930	3,116,065	84,280,131	17,629,033	2,658,229	206,584	12,284,906	1,787,658	108,169	3,647,521	337,894
Latin America, total	367	665,405	642,325	337,229	10,058,683	1,306,824	99,111	2,468	618,742	169,678	452	399,176	38,121
Barbados	163	326,616	316,810	143,069	4,673,668	789,201	38,602	1,416	54,220	184,884	452	22,047	—
Jamaica	204	338,790	325,515	194,161	5,283,015	517,623	60,509	1,052	201,898	115,456	—	214,291	14,074
Europe, total	51	958,359	700,187	726,299	10,260,889	625,580	1,481,463	7,493	1,141,830	289,155	48,657	314,890	123,165
Netherlands	51	958,359	700,187	726,299	10,260,889	625,580	1,481,463	7,493	1,141,830	289,155	48,657	314,890	123,165
Asia, total	11	10,526	5,486	7,651	40,315	—	40,315	—	32,049	—	70	—	5,745
South Korea	11	10,526	5,486	7,651	40,315	—	40,315	—	32,049	—	70	—	5,745
U.S. possessions, total	2,085	3,905,784	3,217,824	2,038,780	63,549,649	15,677,694	998,939	196,823	10,436,023	1,347,323	88,999	2,922,250	171,375
Guam	380	932,007	583,923	604,010	16,553,042	10,172,079	300,249	142,455	8,790,457	203,701	31,733	452,466	35,473
U.S. Virgin Islands	1,688	2,960,827	2,623,065	1,426,531	46,878,715	5,475,669	698,690	54,052	1,626,705	1,141,064	27,257	2,464,901	135,902
Other U.S. possessions	17	12,950	10,836	6,219	116,892	20,956	—	116	20,861	2,057	—	4,883	—
Country not stated	100	22,681	14,108	8,125	372,594	16,935	38,400	—	34,262	1,505	—	11,106	1,488
	Total												
Country	Total non-foreign trade deductions	Net income			Net income (less deficit)	Net income	Deficit	Taxable income	Net exempt income		Total tax	Income tax	
		Administrative	Non-administrative	Non-foreign trade					Administrative	Non-administrative			
(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)		
All countries, total	190,439	1,188,034	243,749	16,145	1,294,109	1,294,918	811	1,291,873	2,006,398	104,534	507,111	505,028	
Latin America, total	1,288	125,176	10,550	1,182	126,498	126,710	220	126,578	206,755	4,521	49,914	49,836	
Barbados	1,245	73,273	10,795	1,171	73,821	73,830	9	73,830	110,545	4,626	28,423	28,352	
Jamaica	41	51,903	—	1,011	52,669	52,881	212	52,746	86,210	—	21,491	21,474	
Europe, total	315	107,968	155,422	7,179	168,724	168,735	11	168,028	197,059	68,609	64,390	64,245	
Netherlands	315	107,968	155,422	7,179	168,724	168,735	11	168,028	197,059	68,609	64,390	64,245	
Asia, total	—	—	1,765	—	1,765	1,765	—	1,765	—	756	508	508	
South Korea	—	—	1,765	—	1,765	1,765	—	1,765	—	756	508	508	
U.S. possessions, total	188,838	952,292	74,157	7,785	992,678	993,245	570	990,842	1,597,352	31,852	390,904	389,107	
Guam	141,292	264,167	16,730	1,163	272,369	272,391	22	272,369	462,728	7,170	107,848	107,639	
U.S. Virgin Islands	47,546	686,659	57,428	6,506	718,726	719,273	548	716,876	1,131,877	24,682	282,568	280,979	
Other U.S. possessions	—	1,465	—	116	1,580	1,580	—	1,580	2,747	—	498	498	
Country not stated	—	2,599	1,855	—	4,454	4,463	9	4,463	5,230	795	1,395	1,332	

All Returns of Active Foreign Sales Corporations

Table 3.—Assets, Receipts, Deductions, Net Income, Exempt Income and Taxes of FSC, by Intercompany Pricing Method

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Intercompany pricing method	Number of returns	Total income	Completions and accounts receivable	Total current and long term liabilities	Schedule P gross receipts	Administrative foreign trade	Non-administrative foreign trade	Total income	Cost of goods sold	Direct costs		Total foreign trade deductions
										Administrative	Non-administrative	
All returns	2,613	5,362,757	4,378,930	3,116,065	84,290,331	17,629,033	206,584	2,658,229	12,284,006	1,787,550	108,169	3,847,521
Returns showing intercompany pricing method, total	2,324	5,499,288	4,326,260	3,087,591	84,244,451	17,629,033	205,401	2,658,229	12,284,006	1,787,550	108,158	3,847,521
1.83 percent of gross receipts method only	384	1,759,280	1,227,586	1,336,502	1,336,502	8,777,453	41,596	—	1,256,609	92,080	—	230,580
23 percent of combined taxable income method only	185	1,794,971	1,455,671	1,336,502	1,336,502	4,369,039	127,456	—	1,455,609	517,832	—	1,410,500
Section 482 method only	188	794,937	455,671	767,008	767,008	2,006,682	181,315	—	1,891,315	77,750	—	300,672
1.83 and 23 percent methods	317	2,688,389	2,273,121	1,306,582	1,306,582	5,127,070	2,626	—	7,940,391	1,086,876	—	1,965,424
1.83 percent method only	15	18,623	16,799	9,718	9,718	16,023	123	—	34,841	194	—	4,160
1.83 percent and section 482 methods	5	28,419	16,799	9,718	169,023	34,373	123	—	34,841	194	—	7,657
All three methods	289	63,469	26,489	6,037	335,688	93,773	116	—	23,015	10,458	—	28,548
Returns not showing intercompany pricing method	289	63,469	53,689	28,474	33,000	—	1,183	—	—	8	11	334
Net income												
Administrative	(14)	1,188,034	243,749	16,145	1,294,109	1,294,919	811	1,294,919	1,294,919	104,534	507,111	508,028
Non-administrative	(15)	1,188,154	243,871	16,145	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
Returns showing intercompany pricing method, total	189,779	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
1.83 percent of gross receipts method only	40,339	51,261	—	1,257	46,216	46,335	119	46,335	46,307	95,396	—	17,871
23 percent of combined taxable income method only	30,185	403,147	238,007	3,226	405,389	405,390	19	405,390	403,013	718,233	—	156,853
Section 482 method only	117,872	709,467	238,007	9,584	710,997	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 and 23 percent methods	1,369	709,657	—	1,257	710,995	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 percent method only	1,507	415	199	74	1,996	1,996	1	1,996	1,996	779	646	778
1.83 percent and section 482 methods	11	22,869	3,970	105	23,267	23,267	370	23,267	23,267	42,364	1,701	9,267
All three methods	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Returns not showing intercompany pricing method	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Net income												
Administrative	(14)	1,188,034	243,749	16,145	1,294,109	1,294,919	811	1,294,919	1,294,919	104,534	507,111	508,028
Non-administrative	(15)	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
Returns showing intercompany pricing method, total	189,779	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
1.83 percent of gross receipts method only	40,339	51,261	—	1,257	46,216	46,335	119	46,335	46,307	95,396	—	17,871
23 percent of combined taxable income method only	30,185	403,147	238,007	3,226	405,389	405,390	19	405,390	403,013	718,233	—	156,853
Section 482 method only	117,872	709,467	238,007	9,584	710,997	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 and 23 percent methods	1,369	709,657	—	1,257	710,995	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 percent method only	1,507	415	199	74	1,996	1,996	1	1,996	1,996	779	646	778
1.83 percent and section 482 methods	11	22,869	3,970	105	23,267	23,267	370	23,267	23,267	42,364	1,701	9,267
All three methods	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Returns not showing intercompany pricing method	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Net income												
Administrative	(14)	1,188,034	243,749	16,145	1,294,109	1,294,919	811	1,294,919	1,294,919	104,534	507,111	508,028
Non-administrative	(15)	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
Returns showing intercompany pricing method, total	189,779	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
1.83 percent of gross receipts method only	40,339	51,261	—	1,257	46,216	46,335	119	46,335	46,307	95,396	—	17,871
23 percent of combined taxable income method only	30,185	403,147	238,007	3,226	405,389	405,390	19	405,390	403,013	718,233	—	156,853
Section 482 method only	117,872	709,467	238,007	9,584	710,997	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 and 23 percent methods	1,369	709,657	—	1,257	710,995	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 percent method only	1,507	415	199	74	1,996	1,996	1	1,996	1,996	779	646	778
1.83 percent and section 482 methods	11	22,869	3,970	105	23,267	23,267	370	23,267	23,267	42,364	1,701	9,267
All three methods	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Returns not showing intercompany pricing method	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Net income												
Administrative	(14)	1,188,034	243,749	16,145	1,294,109	1,294,919	811	1,294,919	1,294,919	104,534	507,111	508,028
Non-administrative	(15)	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
Returns showing intercompany pricing method, total	189,779	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
1.83 percent of gross receipts method only	40,339	51,261	—	1,257	46,216	46,335	119	46,335	46,307	95,396	—	17,871
23 percent of combined taxable income method only	30,185	403,147	238,007	3,226	405,389	405,390	19	405,390	403,013	718,233	—	156,853
Section 482 method only	117,872	709,467	238,007	9,584	710,997	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 and 23 percent methods	1,369	709,657	—	1,257	710,995	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 percent method only	1,507	415	199	74	1,996	1,996	1	1,996	1,996	779	646	778
1.83 percent and section 482 methods	11	22,869	3,970	105	23,267	23,267	370	23,267	23,267	42,364	1,701	9,267
All three methods	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Returns not showing intercompany pricing method	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Net income												
Administrative	(14)	1,188,034	243,749	16,145	1,294,109	1,294,919	811	1,294,919	1,294,919	104,534	507,111	508,028
Non-administrative	(15)	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
Returns showing intercompany pricing method, total	189,779	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
1.83 percent of gross receipts method only	40,339	51,261	—	1,257	46,216	46,335	119	46,335	46,307	95,396	—	17,871
23 percent of combined taxable income method only	30,185	403,147	238,007	3,226	405,389	405,390	19	405,390	403,013	718,233	—	156,853
Section 482 method only	117,872	709,467	238,007	9,584	710,997	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 and 23 percent methods	1,369	709,657	—	1,257	710,995	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 percent method only	1,507	415	199	74	1,996	1,996	1	1,996	1,996	779	646	778
1.83 percent and section 482 methods	11	22,869	3,970	105	23,267	23,267	370	23,267	23,267	42,364	1,701	9,267
All three methods	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Returns not showing intercompany pricing method	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Net income												
Administrative	(14)	1,188,034	243,749	16,145	1,294,109	1,294,919	811	1,294,919	1,294,919	104,534	507,111	508,028
Non-administrative	(15)	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
Returns showing intercompany pricing method, total	189,779	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
1.83 percent of gross receipts method only	40,339	51,261	—	1,257	46,216	46,335	119	46,335	46,307	95,396	—	17,871
23 percent of combined taxable income method only	30,185	403,147	238,007	3,226	405,389	405,390	19	405,390	403,013	718,233	—	156,853
Section 482 method only	117,872	709,467	238,007	9,584	710,997	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 and 23 percent methods	1,369	709,657	—	1,257	710,995	710,997	2	710,997	710,997	1,148,200	102,097	280,953
1.83 percent method only	1,507	415	199	74	1,996	1,996	1	1,996	1,996	779	646	778
1.83 percent and section 482 methods	11	22,869	3,970	105	23,267	23,267	370	23,267	23,267	42,364	1,701	9,267
All three methods	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Returns not showing intercompany pricing method	660	—	—	—	23,267	23,267	728	23,267	23,267	—	—	128
Net income												
Administrative	(14)	1,188,034	243,749	16,145	1,294,109	1,294,919	811	1,294,919	1,294,919	104,534	507,111	508,028
Non-administrative	(15)	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
Returns showing intercompany pricing method, total	189,779	1,188,154	243,871	16,622	1,293,827	1,294,191	384	1,294,191	1,294,191	104,585	508,933	504,901
1.83 percent of gross receipts method only	40,339	51,261	—	1,257	46,216	46,335	119	46,335	46,307	95,396	—	17,871
23 percent of combined taxable income method only	30,185	40										

All Returns of Active Interest Charge—Domestic International Sales Corporations

Table 1.—Assets, Receipts, Deductions, Income and Distributions of IC-DISC and Total Export Gross Receipts of IC-DISC and Related U.S. Persons, by Major Product or Service

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major product or service	Number of returns	Total assets	Qualified assets	Export property	Total current and long-term liabilities	Total qualified export receipts and nonqualified receipts	Qualified export receipts from the sale of export property	Other qualified export receipts	Cost of sales and operations	Total export promotion and other expenses	Export promotion expenses	Net income (less deficit)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
All products and services	1,185	910,910	990,105	46,401	318,316	1,629,245	1,673,285	145,354	1,248,988	323,505	250,079	256,752
Nonmanufactured products and services	100	154,215	153,432	1,385	62,408	346,754	217,186	125,353	172,657	132,715	120,001	41,382
Grains and soybeans	21	6,040	8,040	—	1,102	26,377	25,343	897	21,876	774	752	3,727
Crops, except cotton, grains and soybeans	23	27,056	26,955	41	10,609	96,515	95,392	842	74,546	12,882	3,336	9,086
Livestock and livestock products	6	18,315	17,640	475	11,259	42,943	38,947	268	37,338	2,294	404	3,321
Chemical and fertilizer mineral products and services	3	423	423	—	—	282	275	6	—	1	—	281
Export management services	3	350	350	—	414	—	—	23	—	213	—	—190
Computer software	11	30,492	30,489	—	—	12,627	11,038	1,589	—	1,216	1,216	11,411
Motion picture distribution	3	52,469	52,468	—	36,193	115,513	1,560	113,953	—	110,292	110,197	5,230
Engineering and architectural services	4	2,181	2,180	—	621	2,837	—	2,630	1,572	750	637	516
Manufactured products	1,085	756,695	746,673	45,016	255,908	1,482,490	1,456,099	20,001	1,076,331	190,790	130,078	215,370
Ordinance and accessories	3	1,765	1,754	327	690	4,741	4,615	126	2,651	1,630	1,120	490
Food and kindred products	51	40,174	40,125	4,619	14,587	115,527	114,513	638	93,599	13,597	6,896	8,331
Meat products	9	6,139	6,139	660	2,596	33,701	33,332	103	28,438	3,932	881	1,332
Canned and preserved fruits, vegetables and seafoods	4	6,330	6,330	1,407	756	25,945	25,701	59	21,981	2,064	1,552	1,780
Confectionery and related products	3	1,167	1,167	—	87	4,503	4,503	—	3,675	304	266	524
Beverages	10	8,743	8,714	2,034	1,520	11,620	11,362	259	7,011	2,046	965	2,563
Tobacco products	33	20,836	20,743	2,969	7,841	48,252	46,293	1,902	35,367	6,158	6,577	4,727
Yarn and thread mills	3	448	446	42	388	91	91	—	86	20	—	—14
Apparel and other finished products made from fabrics and similar materials	12	8,336	8,336	139	4,378	29,944	29,813	132	25,900	2,233	1,923	1,811
Lumber and wood products, except furniture	21	19,556	19,438	4,792	3,198	70,718	70,180	144	55,166	7,460	3,807	8,092
Sawmills and planing mills	3	6,960	6,907	3,168	907	18,193	17,961	41	14,302	2,611	615	1,280
Milwork, veneer, plywood, and prefabricated structural wood products	10	3,514	3,514	280	927	16,039	15,997	35	12,841	1,052	852	2,146
Furniture and fixtures	13	5,837	5,837	229	3,453	10,657	10,645	6	8,816	1,213	996	629
Household furniture	4	2,437	2,437	149	1,357	5,927	5,927	1	5,076	593	593	257
Paper and allied products	18	19,933	19,933	212	11,568	62,654	62,487	167	44,317	14,861	1,397	3,477
Paper mills, except building paper mills	3	10,861	10,861	20	8,673	47,274	47,239	35	33,151	13,647	371	4,276
Converted paper and paperboard products, except boxes	9	6,705	6,705	192	1,951	9,926	9,853	73	7,056	650	489	2,218
Paperboard containers and boxes	3	1,741	1,741	—	706	4,233	4,185	48	4,109	27	19	98
Printing, publishing, and allied products	17	22,150	21,843	131	5,106	30,739	30,126	159	20,139	2,576	1,850	8,024
Periodicals: publishing, printing	7	9,189	9,189	87	2,869	8,905	8,709	149	4,444	686	571	3,775
Books	8	12,501	12,154	44	2,192	15,511	15,501	10	11,114	1,385	870	3,012
Chemicals and allied products	46	55,768	55,686	1,675	30,064	137,806	134,772	1,508	113,460	11,183	6,666	12,963
Industrial inorganic and organic chemicals	5	22,031	22,031	541	19,091	70,813	70,299	475	64,385	2,905	1,291	3,523
Plastic materials, synthetic and other man-made fibers	7	11,623	11,622	437	3,553	19,319	18,966	105	13,299	3,033	2,615	2,587
Drugs	4	4,838	4,838	—	2,384	10,773	9,817	21	9,154	1,032	374	547
Soaps, detergents, and toilet preparations	6	4,878	4,878	—	178	6,617	6,617	150	4,274	383	263	2,121
Paints and allied products	16	2,312	2,312	152	1,114	4,596	4,410	33	2,007	1,707	1,274	881
Petroleum refining and related products	5	3,449	3,449	—	313	3,166	3,120	43	960	1,026	778	1,180
Rubber and miscellaneous plastics products	17	15,158	15,158	1,073	5,379	32,273	31,147	1,110	25,567	2,388	1,865	4,318
Leather and leather products	9	7,410	7,410	1,339	5,291	31,221	31,204	17	26,608	3,482	1,740	1,131
Handbags and other personal leather goods	5	266	266	—	—	48	48	—	—	—	—	48
Stone, clay, glass, and concrete products	8	4,609	4,609	106	392	4,807	4,578	227	324	336	229	4,147
Glass products, made or purchased glass	4	1,455	1,455	106	154	2,417	2,280	137	115	54	7	2,249

All Returns of Active Interest Charge—Domestic International Sales Corporations

Table 1.—Assets, Receipts, Deductions, Income and Distributions of IC-DISC and Total Export Gross Receipts of IC-DISC and Related U.S. Persons, by Major Product or Service—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major product or service	Net income	Deficit	Taxable income	Taxable income attributable to qualified export receipts	Adjusted IC-DISC income subject to deferral computation	Total amount cleared distributed	Current year tax deferred income	Deferred IC-DISC income reported to shareholders	Total actual distributions	Current-year total export gross receipts of IC-DISC and related U.S. persons		
										Total amount	IC-DISC's	All other related U.S. persons, except IC-DISC's
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All products and services	269,250	3,498	258,130	33,992	217,343	46,888	209,556	267,322	92,858	4,116,994	3,822,605	496,389
Nonmanufactured products and services	41,668	286	41,542	5,189	36,066	6,795	34,748	32,064	11,741	676,375	621,225	55,150
Grains and soybeans	3,739	12	3,739	387	3,303	456	3,283	3,909	6,435	157,358	157,358	—
Crops, except cotton, grains and soybeans	9,171	84	9,164	1,772	7,169	2,050	7,113	5,789	2,498	187,557	180,631	26,927
Livestock and livestock products	3,321	—	3,321	213	3,109	264	3,058	3,202	618	64,008	64,008	—
Chemical and fertilizer mineral products and services	281	—	281	—	281	17	264	133	—	31,680	5,755	25,925
Export management services	—	100	—	—	—	—	—	—	42	44,292	41,993	2,299
Computer software	11,411	—	11,411	218	11,177	891	10,520	10,855	—	123,654	123,654	—
Motion picture distribution	5,230	—	5,230	1,969	3,263	2,160	3,071	2,068	—	3,975	3,975	—
Engineering and architectural services	515	—	515	—	515	30	485	941	338	—	—	—
Manufactured products	218,582	3,211	216,597	28,803	181,277	42,094	174,889	235,258	81,116	3,442,619	3,001,381	441,239
Ordnance and accessories	460	—	460	—	394	98	372	587	244	7,196	7,196	—
Food and kindred products	8,602	271	8,468	1,123	7,000	1,795	6,679	16,458	5,163	407,495	306,400	101,095
Total products	1,332	—	1,198	83	1,058	183	1,015	1,786	211	60,039	45,318	23,721
Canned and preserved fruits, vegetables and seafoods	1,780	—	1,780	730	1,050	778	1,009	2,966	36	25,718	25,718	—
Confectionery and related products	524	—	524	—	524	15	509	548	9	5,575	5,575	—
Beverages	2,563	—	2,563	—	2,305	394	2,169	7,584	546	72,606	32,476	40,130
Textile mill products	4,758	31	4,758	13	4,664	270	4,494	7,609	4,682	116,668	95,435	21,234
Yarn and thread mills	—	14	—	—	—	—	—	—	—	91	91	—
Apparel and other finished products made from fabrics and similar materials	1,871	60	1,871	74	1,798	138	1,733	1,292	78	40,657	38,892	1,765
Lumber and wood products, except furniture	8,092	—	7,890	750	7,079	928	6,962	5,737	1,016	126,634	100,770	25,865
Sawmills and planing mills	1,280	—	1,222	—	1,222	—	1,222	866	—	24,029	17,961	6,068
Mitaw, veneer, plywood, and prefabricated structural wood products	2,146	—	2,146	—	2,118	50	2,096	360	34	17,722	17,651	71
Furniture and fixtures	918	289	918	—	918	18	900	1,457	225	17,088	17,088	—
Household furniture	257	—	257	—	257	—	257	504	51	5,927	5,927	—
Paper and allied products	3,477	—	3,477	—	3,416	117	3,359	3,207	1,214	136,893	101,672	35,321
Paper mills, except building paper mills	476	—	476	—	476	—	476	768	476	47,238	47,238	—
Converted paper and paperboard products, except boxes	2,218	—	2,218	—	2,157	117	2,101	2,338	734	68,722	33,401	35,321
Paperboard containers and boxes	98	—	98	—	98	—	98	101	—	4,185	4,185	—
Printing, publishing, and allied products	8,069	63	8,063	1,933	6,119	2,257	5,806	8,427	1,989	49,710	49,710	—
Periodicals: publishing, printing	3,775	—	3,775	970	2,794	1,022	2,673	3,461	1,065	23,671	23,671	—
Books	3,076	63	3,051	963	2,089	1,082	1,969	4,948	18	20,122	20,122	—
Chemicals and allied products	12,990	28	12,956	390	12,358	1,099	11,981	13,855	5,885	169,576	165,935	3,641
Industrial inorganic and organic chemicals	3,523	—	3,489	577	3,031	615	2,873	5,009	2,934	73,095	70,345	2,750
Plastic materials, synthetic and other man-made fibers	2,987	—	2,987	3	2,948	138	2,849	4,569	696	22,806	22,806	—
Drugs	565	18	565	—	565	—	554	1,002	10	10,768	9,877	891
Soaps, detergents, and toilet preparations	2,121	—	2,121	—	2,073	89	2,068	2,329	86	15,187	15,187	—
Paints and allied products	891	9	891	—	866	59	832	445	900	6,901	6,901	—
Petroleum refining and related products	1,180	—	1,180	—	1,180	14	1,166	1,916	193	14,044	14,044	—
Rubber and miscellaneous plastics products	4,319	1	3,693	109	3,386	430	3,262	3,833	95	51,655	51,655	—
Leather and leather products	1,131	—	1,131	—	1,131	20	1,126	837	146	36,330	36,330	—
Hairbrushes and other personal leather goods	48	—	48	—	48	3	45	206	—	709	709	—
Stone, clay, glass, and concrete products	4,147	—	4,147	618	3,455	733	3,419	1,486	2,190	71,598	47,897	23,711
Glass products, made or purchased glass	2,249	—	2,249	618	1,631	622	1,527	266	1,599	58,567	34,876	23,711

All Returns of Active Interest Charge—Domestic International Sales Corporations—Continued

Table 1.—Assets, Receipts, Deductions, Income and Distributions of IC-DISC and Total Export Gross Receipts of IC-DISC and Related U.S. Persons, by Major Product or Service—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Major product or service	Number of returns	Total assets	Qualified assets	Export property	Total current and long-term liabilities	Total qualified export receipts and nonqualified receipts	Qualified export receipts from the sale of export property	Other qualified export receipts	Cost of sales and operations	Total export promotion and other expenses	Export promotion expenses	Net income (less deficit)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Manufactured products—Continued												
Primary metal products	55	25,897	25,897	106	3,560	70,621	70,437	179	60,186	1,643	933	e 8,792
Iron and steel foundries	3	875	875	—	703	4,440	4,440	—	3,947	46	21	447
Fabricated metal products, except ordnance, machinery, and transportation equipment	78	38,604	38,542	2,588	8,276	48,323	47,096	1,118	29,031	6,306	4,910	12,986
Cutlery, hand tools, and general hardware	5	1,492	1,492	—	388	4,004	4,004	—	2,412	935	834	657
Fabricated structural metal products	2	2,460	2,460	—	584	4,087	3,954	133	3,089	222	213	777
Metal stampings	7	2,155	2,154	8	98	2,141	2,136	—	1,491	30	8	620
Machinery, except electrical	169	104,173	100,133	4,558	27,325	166,430	162,133	3,573	114,311	22,883	17,028	29,236
Engines and turbines	5	4,003	4,063	9	2,815	15,352	15,320	32	14,322	393	206	637
Farm machinery and equipment	5	2,017	2,017	—	110	2,201	2,255	47	813	840	469	848
Construction, mining, and materials handling machinery	18	19,430	16,433	2,306	6,048	14,340	13,500	416	8,125	4,029	3,313	2,187
Metallurgical machinery and equipment	11	4,941	4,938	—	1,335	8,076	7,819	256	6,253	785	632	1,038
Special industry machinery, except metalworking machinery	39	24,530	24,529	1,875	7,714	59,457	57,694	1,671	43,775	8,032	5,238	8,150
General industrial machinery and equipment	17	9,610	9,610	175	1,849	18,823	18,542	181	14,547	2,008	1,803	2,268
Office, computing, and accounting machines	8	4,801	4,801	—	476	3,217	3,009	150	1,142	275	194	1,800
Electrical machinery, equipment, and supplies	209	121,839	118,501	6,072	37,409	207,564	202,995	3,781	146,093	28,733	23,798	32,738
Electrical industrial apparatus	36	3,271	3,271	99	1,559	7,175	7,154	12	5,368	495	495	1,162
Household appliances	3	4,451	4,451	—	—	1,157	1,022	135	—	—	—	1,157
Radio and television receiving sets, except communication types	3	1,614	1,614	500	606	2,009	1,991	18	1,401	451	406	157
Communication equipment	21	5,718	5,715	517	429	4,686	4,281	332	2,280	615	512	1,782
Electronic components and accessories	60	54,940	51,649	4,022	16,793	94,560	93,185	1,224	67,832	14,142	11,878	12,786
Transportation equipment	73	75,552	75,234	8,534	24,537	145,162	142,925	1,753	101,162	20,776	15,719	23,224
Motor vehicles and motor vehicle equipment	47	37,211	37,204	2,124	7,947	54,082	52,813	937	36,445	5,456	3,954	6,484
Aircraft and parts	18	33,180	32,875	5,943	14,946	79,105	76,322	639	57,595	14,553	10,742	7,693
Railroad equipment	3	2,271	2,271	266	1,247	4,875	4,774	101	2,290	438	343	2,147
Professional, scientific, and controlling instruments; photographic and optical goods; watches and clocks	138	83,134	83,021	2,426	25,426	107,336	105,112	2,064	60,309	13,472	9,802	33,555
Engineering, laboratory, and scientific and research instruments	25	46,289	46,289	1,704	16,100	49,577	48,280	1,257	24,676	3,802	2,612	21,099
Instruments for measuring physical characteristics	66	13,107	12,997	50	3,633	13,466	13,310	153	9,958	2,701	2,346	3,806
Surgical, medical, and dental instruments and supplies	29	16,961	16,958	671	3,888	32,289	31,620	671	19,786	6,019	4,621	6,484
Ophthalmic goods	7	3,225	3,225	—	200	8,424	8,364	27	6,966	33	33	1,425
Photographic equipment and supplies	12	3,552	3,552	—	1,612	3,580	3,538	16	1,923	917	202	741
Miscellaneous manufactured products	110	80,188	80,188	3,122	37,112	153,331	150,503	1,341	111,558	26,691	21,707	15,083
Musical instruments	5	4,025	4,025	—	2,238	9,615	9,490	124	8,469	340	167	806
Toys, amusement, sporting and athletic goods	13	7,189	7,145	101	678	11,826	11,286	183	6,534	2,374	2,173	2,818
Pens, pencils, and other office and artists' materials	4	2,108	2,108	—	945	8,423	8,421	2	6,597	1,524	896	302
Cosume jewelry, costume novelties, buttons, and miscellaneous notions, except precious metal	5	322	322	—	66	—	—	—	—	—	—	—

All Returns of Active Interest Charge—Domestic International Sales Corporations

Table 1.—Assets, Receipts, Deductions, Income and Distributions of IC-DISC and Total Export Gross Receipts of IC-DISC and Related U.S. Persons, by Major Product or Service—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Major product or service	Net income	Deduct	Taxable income	Transfer income to related parties	Adjusted IC-DISC income subject to U.S. taxation	Total amount of income distributed	Current year income	Deduct IC-DISC income subject to U.S. taxation	Total amount of income distributed	Cumulative total export gross receipts of IC-DISC and related U.S. persons		
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Manufactured products—Continued												
Print and book bindings	8,792	—	8,792	2,678	5,976	3,053	5,739	12,152	3,477	183,190	132,525	50,666
Fabricated metal products, except ordnance, machinery, and electrical equipment	12,686	—	12,686	1,394	11,129	2,317	10,833	14,291	4,298	191,884	188,792	5,191
Cutlery, hand tool and general hardware	12,686	—	12,686	1,394	11,129	2,317	10,833	14,291	4,298	191,884	188,792	5,191
Fabricated structural metal products	777	—	777	65	641	154	620	1,779	1,159	8,153	7,632	2,579
Major appliances	30,837	—	30,837	2,522	26,996	4,335	26,996	34,011	6,844	422,797	395,901	26,896
Engines and turbines	30,837	—	30,837	2,522	26,996	4,335	26,996	34,011	6,844	422,797	395,901	26,896
Form machinery and equipment	3,416	—	3,416	316	2,944	1,203	2,019	3,776	1,312	50,020	44,171	6,403
Special machinery and equipment	1,038	—	1,038	1,045	836	145	893	2,969	3,565	8,308	6,308	—
Metallurgical machinery, except metalworking	8,150	—	8,150	7,957	7,641	677	7,305	6,586	708	105,748	100,246	5,492
General industrial machinery and equipment	2,284	—	2,284	—	2,284	114	2,170	3,520	77	34,453	33,381	712
Office, computing, and accounting machines	1,800	—	1,800	—	1,800	150	1,650	3,088	1,255	11,168	11,532	636
Electrical, electronic, and optical equipment	3,162	—	3,162	1,330	1,876	4,081	2,445	3,947	1,255	12,897	12,897	—
Electrical related apparatus and supplies	1,157	—	1,157	—	1,157	49	1,108	558	13	15,553	14,081	—
Household appliances	161	—	161	—	161	27	135	725	269	5,829	5,829	—
Typesetting and letterpress receiving sets, except communication	1,792	—	1,792	—	1,792	166	1,626	3,023	2,689	22,286	22,286	—
Communication equipment	1,792	—	1,792	—	1,792	166	1,626	3,023	2,689	22,286	22,286	—
Electronic components and accessories	23,266	—	23,266	—	23,266	4,578	18,688	23,339	15,714	308,690	300,791	129,341
Instrument for measuring physical characteristics	4,249	—	4,249	—	4,249	3,214	8,942	12,325	6,747	188,079	186,079	8,409
Surgical, medical, and dental instruments and supplies	6,497	—	6,497	—	6,497	1,212	6,486	9,721	5,777	85,047	85,047	—
Major vehicle and motor vehicle equipment	12,222	—	12,222	—	12,222	127	1,091	1,241	2,147	1,174	1,174	—
Aircraft and parts	7,693	—	7,693	—	7,693	827	6,866	9,721	5,777	85,047	85,047	—
Photographic, scientific, and controlling instruments	2,147	—	2,147	—	2,147	137	1,091	1,241	2,147	1,174	1,174	—
Photographic and optical goods, watches and clocks	34,011	—	34,011	—	34,011	13,655	19,658	24,342	15,096	263,160	261,619	1,640
Engineering, laboratory, and scientific and research	21,099	—	21,099	—	21,099	17,672	8,712	8,951	12,970	134,010	134,010	—
Instrument for measuring physical characteristics	4,249	—	4,249	—	4,249	3,214	8,942	12,325	6,747	188,079	186,079	8,409
Surgical, medical, and dental instruments and supplies	6,497	—	6,497	—	6,497	1,212	6,486	9,721	5,777	85,047	85,047	—
Photographic equipment and supplies	1,741	—	1,741	—	1,741	51	1,690	964	16	12,779	12,779	—
Miscellaneous manufactured products	15,518	—	15,518	—	15,518	2,070	13,205	20,723	2,215	275,220	268,312	6,908
Books, periodicals, and other office and mail materials	2,918	—	2,918	—	2,918	275	2,643	3,779	174	39,703	38,703	—
Pen, pencil, and other office and mail materials	302	—	302	—	302	17	276	414	17	9,361	9,361	—
Miscellaneous robots, except precision metal	—	—	—	—	—	—	—	—	—	—	—	—

Note: Detail may not add to total because only selected products and services are included.

Section 6

Domestic Corporations Controlled by Foreign Persons

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A foreign person can engage in business activity within the United States either by gaining control of an existing U.S. corporation or incorporating a new company within the United States. Control is defined as direct or indirect ownership of 50 percent of more of a U.S. corporation's voting stock. The income generated by these U.S. companies is taxed in a manner similar to a other domestic corporations.

A domestic corporation primarily owned by a foreign person is taxed on its worldwide income. In general, the same tax rules that apply to other domestic corporations apply to foreign-owned U.S. corporations. Dividends paid by a U.S. company to the foreign owner are subject to a withholding tax of 30 percent of the gross amount. If the recipient of these dividends resides in a country that had a tax treaty with the United States, the withholding rate may be less than 30 percent. (See Section 11 of this compendium for additional information on this topic.)

These foreign-owned domestic corporations file primarily the Form 1120 and are identified for statistical purposes by their answers to Question H(2) on the return. A copy of this form is contained in Section 15 for reference.

*Form 1120, U.S. Corporation Income Tax Return and Instructions (p. 459)

Foreign Investment and Activity in the United States Through Corporations, 1984 and 1985

By James R. Hobbs*

For 1985, the 36,700 domestic corporations each "controlled" by a foreign person generated \$514 billion of worldwide receipts and reported total assets amounting to \$656 billion [1]. These corporations, 1 percent of the U.S. total, accounted for 5 and 6 percent of the assets and receipts, respectively, reported on U.S. corporation income tax returns for both 1984 and 1985 (see Figure A).

Figure A.—Domestic Corporations Controlled by a Foreign Person as a Percentage of All Corporations, Income Years 1983-1985

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Year and item	All corporation income tax returns	Returns of domestic corporations controlled by a foreign person	
		Number or amount	Percentage of all returns
	(1)	(2)	(3)
1983			
Number of returns	2,999,071	33,622	1.12%
Total assets	\$10,201,084,144	\$530,334,499	5.20
Total receipts	7,135,494,059	389,908,798	5.46
1984			
Number of returns	3,170,743	37,401	1.18
Total assets	\$11,106,701,948	\$552,597,884	4.98
Total receipts	7,800,711,226	459,161,616	5.89
1985			
Number of returns	3,277,219	36,677	1.12
Total assets	\$12,773,093,888	\$655,695,711	5.13
Total receipts	8,398,278,426	513,777,962	6.12

Nearly 11,700 "foreign" corporations (i.e., those incorporated abroad) reported \$51 billion of receipts generated for 1985 from activities "effectively connected" with a U.S. trade or business. The majority, 52 percent, of these receipts were for foreign banks with U.S. branch operations. For 1984, banking operations accounted for 61 percent of the nearly \$44 billion of receipts of foreign corporations from U.S. effectively-connected activities.

DIRECT FOREIGN INVESTMENT AND ACTIVITY IN THE UNITED STATES

Foreign direct investment in the United States can take several forms, including corporations, partnerships, and joint ventures. Under these forms of direct investment, the foreign investor has sufficient equity in the enterprise so as to control and participate in managing its operations [2].

A foreign direct investor can either gain control of an existing U.S. corporation, or create a new company incorporated in the United States. Another method of operating

*Assistant Chief, Foreign Statistics Branch. Prepared under the direction of Daniel Skelly, Chief, Foreign Statistics Branch.

in the United States is through a branch operation of a foreign corporation. This article focuses first on domestic corporations (i.e., companies incorporated in the United States) that are controlled (i.e., owned) by a foreign person, and second, on foreign corporations with branch operations in the United States [3].

There are several factors involved in the decision of a foreign investor to operate in the United States through either a "domestic" or "foreign" corporation [4]. These factors include, but are not necessarily limited to, the following: (1) the investor's short- and long-term objectives; (2) which type of corporation is best suited to penetrate the U.S. market; (3) availability of financial resources; (4) acceptable levels of risk, such as from product liability; (5) U.S. importation policies; (6) requirements on foreign investment by the investor's home country; and (7) both U.S. and home country tax considerations. The U.S. tax structure for both foreign-controlled domestic corporations and for foreign corporations operating in the United States are discussed in this article.

DOMESTIC CORPORATIONS CONTROLLED BY FOREIGN PERSONS

U.S. Taxation

Domestic corporations that are controlled by a foreign person are taxed by the United States in a manner similar to that of other domestic corporations. Control is defined for this purpose as 50 percent or more direct or indirect ownership of a corporation's voting stock by at least one foreign entity, such as by another corporation.

For 1985, only 8 percent (3,050 returns) of the 36,677 returns of foreign-controlled domestic corporations indicated an exact 50 percent foreign ownership level. The great majority (nearly 88 percent, or 32,152 returns) indicated that the level of ownership was over 50 percent. Another 1,475 returns (4 percent) only indicated that foreign ownership was 50 percent or more, but failed to provide the exact percentage of ownership [5].

Most domestic corporations are taxed on their worldwide income [6]. This includes corporations that are controlled by foreign persons. In general, the taxable income of a corporation is its gross receipts less ordinary and necessary business deductions and certain statutory special deductions [7].

Unfortunately, the tax return form which is the source of the statistics in this article does not separate U.S.-source taxable income from foreign-source taxable income. (See the section entitled "Data Sources and Limitations.") However, foreign-controlled domestic corporations claimed \$725 million of foreign tax credits for 1985. This amount reduced their total U.S. income tax before credits (\$5.2 billion) by 14 percent. The foreign tax credit is a credit allowed against U.S. income tax for income, war profits and excess profits taxes paid or accrued to foreign countries or U.S. possessions [8]. To claim a foreign tax credit, a corporation had to have generated foreign-source taxable income, paid or accrued foreign income tax on the foreign income, and had a U.S. income tax liability. By comparison, all of the approximately 3.3 million U.S. corporation income tax returns showed a total of \$24.3 billion of foreign tax credits for 1985. This amount reduced their total U.S. income tax before credits (\$111.3 billion) by almost 22 percent (see Table 1).

For taxable years beginning in 1984, the regular corporate tax rates were as follows:

Taxable income	Tax rate
\$25,000 or less	15 percent
\$25,001 to \$50,000	18 percent
\$50,001 to \$75,000	30 percent
\$75,001 to \$100,000	40 percent
Over \$100,000	46 percent

If a corporation's taxable income exceeded \$1 million, then the corporation was liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over \$1 million, or (b) \$20,250.

Corporations that had net long-term capital gains could use an alternative method of tax computation, if it produced a lower amount of tax than under the regular method. Under the alternative method, net long-term capital gains were taxed separately at a rate of 28 percent. The remainder of taxable income was then taxed at the regular rates.

Credits could be used to reduce the tax calculated under either the regular or alternative methods. For both 1984 and 1985, the two largest credits were the foreign tax credit (previously described) and the general business credit. Beginning in 1984, the Tax Reform Act of 1984 created the general business credit by merging together four tax credits that were previously available to taxpayers. They were the investment credit, targeted jobs credit, alcohol fuel credit, and the employee stock ownership plan credit. Other credits claimed by taxpayers for both 1984 and 1985 were the U.S. possessions tax, nonconventional source fuel, and research activities credits. In addition to the regular or alternative tax after credits, a corporation's tax liability could

include a tax from recomputing prior-year investment credits and an additional tax for tax preferences. (Tables 1, 2, and 4 show selected tax items.)

Dividends paid by domestic corporations to the foreign persons that controlled them were generally subject to a withholding tax of 30 percent. However, this tax rate was often lower than 30 percent for recipients of dividends that resided in a foreign country that had a tax treaty with the United States. The tax withheld represented final payment of the actual tax liability on dividend payments in most instances. The responsibility for withholding the tax belonged to the payer (corporation) or its representative (usually a financial institution), rather than the foreign recipient of the dividend [9].

Dividends paid by foreign-controlled domestic corporations to U.S. persons were not subject to the withholding tax applicable to foreign recipients. However, these dividend payments did have to be reported to the Internal Revenue Service by the corporations. In turn, these dividends were reported as income, and taxed accordingly, on the recipient's U.S. income tax return.

Growth Since 1983

Foreign involvement in the U.S. corporate sector through foreign-controlled domestic corporations continued to grow substantially during the 1983-1985 period (see Figure A).

Worldwide receipts of domestic corporations controlled by foreign persons increased from \$390 billion for 1983 to \$514 billion for 1985. This was a 32 percent increase, using current dollars. In comparison, receipts reported on all U.S. corporation income tax returns grew from \$7.1 trillion for 1983 to \$8.4 trillion for 1985, an 18 percent increase over the same time period. As a result of the growth rate of receipts shown on all corporate returns increased from 5.46 percent for 1983, to 5.89 and 6.12 percents, for 1984 and 1985, respectively.

By making allowances for inflation through the use of the Gross National Product Implicit Price Deflator, the worldwide receipts, in constant dollars, reported on all U.S. corporation income tax returns increased by 9 percent between 1983 and 1985 [10]. Over the same period, the constant-dollar receipts of foreign-controlled domestic corporations increased by 22 percent.

Total assets of domestic corporations controlled by a foreign person grew at a rate similar to that of assets reported on all U.S. corporation income tax returns. Between 1983 and 1985, assets reported increased from \$530 billion, or 5.20 percent of the total for all returns, to \$656 billion, or 5.13 percent of the total.

Industry Characteristics

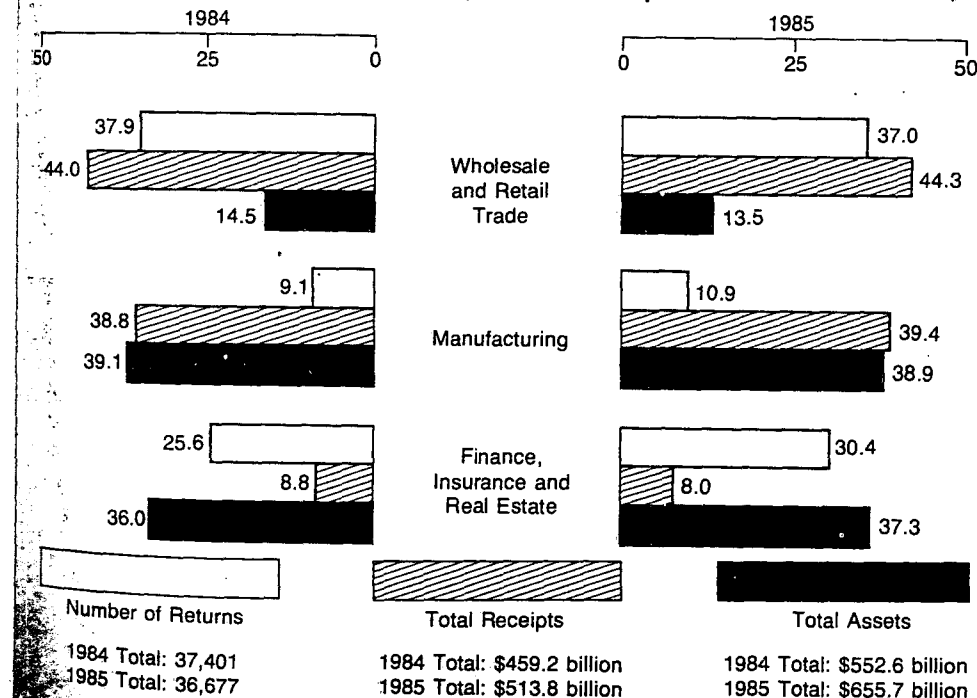
Foreign-controlled domestic corporations were involved in every type of industrial activity, but were concentrated mainly in three industrial divisions: wholesale and retail trade; manufacturing; and finance, insurance and real estate (see Figure B and Table 4). For both 1984 and 1985, these three divisions accounted for approximately three-fourths of the returns filed, 92 percent of the total receipts, and 90 percent of the total assets reported by all domestic corporations owned by a foreign person. By comparison, these percentages were higher than those for all companies which filed U.S. corporation income tax returns. For

this group of returns for 1985, the manufacturing; wholesale and retail trade; and finance, insurance, and real estate industrial divisions accounted for 52 percent of the returns filed, 77 percent of the total receipts, and 84 percent of the total assets.

Figure B shows that companies whose principal activity was in one of the three industrial divisions had different characteristics. There were relatively few returns of manufacturing companies (4,011 returns, or 10.9 percent of the total for 1985). However, these companies tended to have large amounts of assets which generated large amounts of receipts. The foreign-owned manufacturers had \$255 billion

Figure B
Domestic Corporations Controlled by a Foreign Person, by
Selected Industrial Divisions, Income Years 1984 and 1985

[Percentage of All Industries]



lion of assets and \$202 billion in total receipts for 1985. On the average, each manufacturer had \$64 million of assets and produced \$50 million of receipts. By comparison, the average foreign-owned nonmanufacturing company had \$12 million and \$10 million of total assets and receipts, respectively [11].

Domestic corporations controlled by a foreign person were involved in the manufacture of many different products. Companies manufacturing petroleum and coal products (including integrated operations) had receipts totalling \$52 billion for 1985. This was 25 percent of all receipts for manufacturing industries. Chemical manufacturers accounted for another \$31 billion of total receipts. In terms of total receipts, other significant manufacturing activities were food and kindred products (\$19 billion), electrical and electronic equipment (\$15 billion), primary metals (\$12 billion), and fabricated metal products (\$10 billion).

Foreign-controlled domestic manufacturing corporations accounted for 7.2 percent of the \$2.8 trillion of worldwide receipts reported by all manufacturing corporations filing U.S. income tax returns for 1985. These companies played substantial roles in certain manufacturing industries, as shown in Figure C. In particular, foreign-controlled domestic corporations manufacturing tobacco products accounted for nearly 23 percent of the receipts of all companies classified in their industry.

The comparative levels of assets and receipts of foreign-owned companies engaged in wholesale and retail trade and those engaged in finance, insurance and real estate differed significantly. Trade companies produced large amounts of receipts (\$227 billion for 1985) with relatively few assets (\$88 billion). Stated another way, this amounted to \$2.58 of receipts for each dollar of assets. On the other hand, companies involved in finance, insurance and real estate had large amounts of assets (\$244 billion for 1985), but only \$41 billion of receipts. These companies produced less than \$0.17 of receipts for each dollar of assets.

Figure C. — Domestic Corporations Controlled by a Foreign Person as a Percentage of All Corporations, for Selected Manufacturing Industries, Income Year 1985

(All figures are estimates based on samples—money amounts are in millions of dollars)

Industry	Total receipts		
	All corporation income tax returns	Returns of domestic corporations controlled by a foreign person	Percentage of all returns
	(1)	(2)	(3)
Manufacturing, total.....	\$2,831,062	\$202,466	7.2%
Tobacco manufactures.....	41,353	9,409	22.8
Stone, clay, and glass products.....	64,318	8,626	13.4
Chemicals and allied products.....	266,812	30,959	11.6
Leather and leather products.....	14,679	1,626	11.1
Petroleum (including integrated) and coal products.....	469,260	51,629	11.0
Primary metal industries.....	117,347	12,388	10.6

The great majority of trade companies were wholesalers. Many of these companies were U.S. distributors of products made in foreign countries by their parent corporations. For 1985, wholesalers accounted for \$197 billion, or 87 percent, of all receipts by trade companies.

Banks accounted for over 52 percent (\$127 billion for 1985) of the total assets in the finance, insurance and real estate industrial division. These assets produced over \$12 billion of receipts, primarily interest. This 10:1 ratio of assets to receipts was similar to that for all U.S. (i.e., domestically-incorporated) banks.

Other significant areas (in terms of receipts) of the finance, insurance and real estate industrial division were nonbank holding and other investment companies, insurance companies, and real estate companies [12]. For 1985, these companies had total receipts of \$10.5, \$8.1, and \$5.0 billion, respectively.

The services industry (not shown in Figure B) accounted for over 4,000 returns filed for 1985 by foreign-owned domestic corporations. While this industry represented over 11 percent of all returns filed by these corporations, it comprised only about 2 percent of both total assets and receipts for the group.

Country Characteristics

Domestic corporations are owned by persons throughout the world. However, for 1985, owners from the eight countries shown in Figure D controlled nearly 53 percent of the 36,677 domestic corporations controlled by a foreign person. (The countries are ranked by decreasing number of returns. They represent the geographic location of the foreign owner's country of residence, incorporation, organization, creation, or administration.) The 19,352 corporations owned by persons from these eight countries accounted for 82 and 86 percent, respectively, of the total assets and receipts of all foreign-controlled domestic corporations.

As previously stated, the worldwide receipts of domestic corporations controlled by a foreign person increased by nearly 32 percent between 1983 and 1985. For the corporations shown in Figure D, the growth rates varied widely. Corporations owned by persons from Switzerland and Japan showed increases in total receipts of 88 and 52 percent, respectively. Percentage increases for Canada (37 percent), West Germany (34 percent), Netherlands Antilles (29 percent), and the United Kingdom (27 percent) approximated the 32-percent average for all countries. Corporations owned by persons from the Netherlands (18 percent) and France (16 percent) had smaller-than-average increases in receipts for the 1983-1985 period.

Figure D.—Domestic Corporations Controlled by a Foreign Person, by Selected Country of Foreign Owner, Income Year 1985

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Country	Number of returns	Total assets	Total receipts	Net income (less deficit)	Net income	Total U.S. income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)
All countries, total.....	36,677	\$655,695,711	\$513,777,962	\$2,978,286	\$14,500,125	\$3,576,147
Canada:						
Number or amount.....	6,151	67,531,601	40,458,451	-197,296	1,271,083	200,553
Percentage of total.....	16.8%	10.3%	7.9%	(¹)	8.8%	5.6%
United Kingdom:						
Number or amount.....	2,841	174,635,073	83,340,020	1,817,698	3,387,943	904,405
Percentage of total.....	7.7%	26.6%	16.2%	(¹)	23.4%	25.3%
Japan:						
Number or amount.....	2,560	81,084,768	133,489,744	1,327,992	2,759,120	1,117,328
Percentage of total.....	7.0%	12.4%	26.0%	(¹)	19.0%	31.2%
West Germany:						
Number or amount.....	2,214	35,046,699	42,945,267	536,697	1,424,595	449,478
Percentage of total.....	6.0%	5.3%	8.4%	(¹)	9.8%	12.6%
Netherlands:						
Number or amount.....	1,747	104,147,817	70,471,893	138,331	1,573,586	205,353
Percentage of total.....	4.8%	15.9%	13.7%	(¹)	10.9%	5.7%
France:						
Number or amount.....	1,683	27,610,365	25,673,312	-126,433	505,017	132,700
Percentage of total.....	4.6%	4.2%	5.0%	(¹)	3.5%	3.7%
Switzerland:						
Number or amount.....	1,423	23,328,906	24,169,417	192,447	672,383	199,942
Percentage of total.....	3.9%	3.6%	4.7%	(¹)	4.6%	5.6%
Netherlands Antilles:						
Number or amount.....	733	22,698,123	20,767,891	-535,965	411,261	52,841
Percentage of total.....	2.0%	3.5%	4.0%	(¹)	2.8%	1.5%

¹ Not computed.

Domestic corporations controlled by persons from Japan had worldwide receipts of \$133.5 billion for 1985. This amount was far larger than the receipts representing any other country. Japan also had the largest amount of receipts for 1983 and 1984 (see Table 2). Wholesale trade was the predominant activity of Japanese-controlled domestic corporations. This industry group accounted for \$115.7 billion, or 87 percent, of the 1985 receipts of all U.S. corporations with Japanese owners.

Domestic corporations controlled by persons from the United Kingdom had 1985 total receipts of \$83.3 billion. Manufacturing industries were the most common business activities of these corporations, accounting for 58 percent of the total receipts. The finance, insurance, and real estate; wholesale trade; and transportation and public utility industries accounted for an additional 16, 9, and 7 percents, respectively.

Companies owned by persons from the Netherlands had worldwide receipts of \$70.5 billion for 1985. To an even greater extent than those from the United Kingdom, manufacturing industries were the predominant activity of these U.S. corporations, accounting for 74 percent of the receipts of all companies with owners from the Netherlands.

Manufacturing was also the most common business activity of U.S. corporations owned by persons from Canada and Switzerland. This industrial division accounted for 49 and 67 percent, respectively, of the total receipts for these countries.

Manufacturing and wholesaling were equally important for U.S. companies owned by persons from West Germany, France and the Netherlands Antilles. For 1985, these two activities comprised 39 and 34 percent, respectively, of the total receipts of West German-controlled domestic corporations. Corresponding percentages for France were 34 and 41, respectively. Finally, for the Netherlands Antilles, the manufacturing and wholesaling industries accounted for 33 and 30 percent, respectively, of the total receipts of these U.S. companies.

Income Statement and Tax Items

The 36,677 domestic corporations controlled by a foreign person generated \$514 billion of total receipts for 1985. Over 92 percent of this total was "business receipts" (i.e., receipts from sales and operations). Interest income of \$22.7 billion accounted for an additional 4 percent of the total. Banks produced the largest part (\$10.5 billion) of the interest receipts. (Briefly, banking items such as fees, commissions, trust department earnings, exchange collections, discounts, and service charges were included in business receipts. Interest, the principal operating income of banks, was shown separately from business receipts.)

These same domestic companies claimed \$511 billion in deductions for 1985. Cost of sales and operations were \$358 billion, or 70 percent of the total. Interest paid (\$28 billion, including \$7.3 billion paid to depositors by banks) and depreciation (\$16 billion) accounted for 5 and 3 percent, respectively, of the total deductions.

The net income (less deficit) for these companies was \$3 billion for 1985 [13]. This was the result of 15,882 corporations reporting \$14.5 billion of profits (as computed under the Internal Revenue Code) and 20,795 companies reporting \$11.5 billion of deficits [14]. Thus, only 43 percent of the domestic corporations with foreign owners reported profits for 1985. By comparison, 56 percent of all corporations filing U.S. income tax returns for 1985 reported profits which totalled \$363.9 billion. The deficits for all corporations were \$123.7 billion, resulting in a net income (less deficit) amount of \$240.1 billion.

It is instructive to compare the rate of return on assets for all corporations filing U.S. tax returns to that for foreign-controlled corporations. For this purpose, rate of return on assets is defined as net income (less deficit) as a percentage of total assets. As shown in Figure E, foreign-controlled domestic corporations had a low (0.45 percent) rate of return as compared to all corporations (1.88 percent), for 1985.

The data for 1985 reflect an improving U.S. economy. For all corporations filing U.S. tax returns, the rate of return on assets rose slightly from 1.85 percent for 1983 to 1.88 percent for 1985. The rate of return on assets of domestic corporations owned by foreign persons improved by a greater margin, from 0.35 percent for 1983 to 0.45 percent for 1985. This reflects an increase in net income (less deficit) of 61 percent and a much smaller increase (24 percent) in total assets.

For 1985, profitable foreign-controlled domestic corporations had \$11.4 billion of "U.S. income subject to tax" (the base on which tax was computed), resulting in tax before credits of \$5.2 billion [15]. The difference between the \$14.5 billion of profits (or net income) and \$11.4 billion of income subject to tax was the result of statutory special deductions. These deductions were allowed to most corporations in computing their taxable income and were for net operating losses from prior years and deductions for both intercorporate dividends received and for dividends paid on certain preferred stock of public utilities.

Tax credits totalling \$1.6 billion reduced the U.S. tax liability of foreign-owned domestic corporations to \$3.6 billion, for 1985. The largest credits were \$778 million of general business credits and \$725 million of foreign tax credits.

Figure E.—Comparative Rates of Return on Assets, Income Year 1985

(All figures are estimates based on samples—money amounts are in billions of dollars)

Item	All corporations filing U.S. tax returns	Domestic corporations controlled by a foreign person
Total assets	\$12,773.1	\$655.7
Net income (less deficit)	240.1	3.0
Rate of return	1.88%	0.45%

FOREIGN CORPORATIONS WITH INCOME EFFECTIVELY CONNECTED WITH A U.S. TRADE OR BUSINESS

This section of the article switches the focus from foreign-controlled domestic companies to foreign corporations with income effectively connected with a U.S. trade or business.

U.S. Taxation

Foreign corporations are those that are incorporated abroad. Thus, they are not created or organized in the United States, or under the laws of the United States or any of its States. These corporations are, however, subject to U.S. income tax on income effectively connected with the conduct of a U.S. trade or business and on income from U.S. sources that is not "effectively connected." There are two methods of taxation that apply to the income, depending on whether or not it is considered to be effectively connected with a trade or business in the United States [16].

Foreign corporations are taxed on income effectively connected with a U.S. trade or business in a manner similar to that used to tax the income of domestic corporations. To determine their taxable income, gross income that is effectively connected with a U.S. trade or business is reduced by allowable deductions to the extent such deductions are related to this income [17]. The same tax rates, tax methods, and credits used to reduce tax liability are available to both foreign and domestic corporations. See the section entitled "Domestic Corporations Controlled by Foreign Persons: U.S. Taxation" for a discussion of how tax liability is determined.

Fixed or determinable annual or periodic income from U.S. sources, such as interest, dividends, rents, royalties, annuities, and certain gains (such as from the sale or exchange of patents and copyrights) may or may not be effectively connected income [18]. This is determined on the basis of whether the income is from assets used in the conduct of a U.S. trade or business and whether the activities of the U.S. trade or business are a principal factor in producing the income.

A foreign corporation could elect to treat income from U.S. real property as effectively connected income, even if it would not have otherwise been considered to be effectively connected income. This income included gross rents and gains from the sale or exchange of real property. This election permitted the corporation to apply deductions against this gross income as well.

Certain types of foreign-source income were also considered to be U.S. effectively connected income. For instance, interest received by a foreign bank from sources outside the United States was treated as effectively connected with the

conduct of a U.S. trade or business if the bank had an office in the United States to which the income was attributable and the interest was derived from banking activities in the United States.

As mentioned previously, foreign corporations were also taxed on U.S.-source income that was not effectively connected with the conduct of a U.S. trade or business. This included certain amounts of investment income, such as interest, dividends, rents, royalties, annuities, and gains from the sale or exchange of certain property (including patents, copyrights, timber and coal). Gross income in these categories was taxed at a rate of 30 percent unless the rate had been reduced as the result of a tax treaty between the United States and the foreign company's country of incorporation [19].

Basically, then, a foreign corporation's total U.S. tax was the sum of (1) the tax on income effectively connected with the conduct of a U.S. trade or business and (2) the tax on U.S.-source income that was not effectively connected. It could also include (1) tax from recomputing prior-year investment credits, (2) additional tax for tax preferences, and (3) Personal Holding Company tax. Foreign tax, general business, and other credits were used to reduce the corporation's tax liability (just as for domestic corporations).

The transfer of profits from a U.S. branch of a foreign corporation back to its main office in a foreign country was generally not subject to U.S. income tax. However, if the foreign corporation later distributed these profits as dividends and 50 percent or more of its gross income (over a 3-year period) was attributable to effectively connected income from its U.S. branch, then a portion of the distribution could become subject to a U.S. withholding tax of 30 percent. In addition, while interest paid by a U.S. branch of a foreign corporation to foreign creditors could be a tax deduction in calculating effectively connected taxable income, this interest could also be subject to a U.S. withholding tax similar to that described for dividends. These "second-level withholding taxes" could be reduced or eliminated by U.S. income tax treaties with other countries [20].

Only data for the 10,905 and 11,693 foreign corporations which had income effectively connected with a U.S. trade or business in 1984 and 1985, respectively, are included in this article. Foreign corporations with only U.S.-source investment income (i.e., income not effectively connected with a U.S. trade or business) are not covered by this article.

Growth Since 1983

The activity of foreign corporations in the United States has grown at a rapid pace. Total receipts of these corporations from activities effectively connected with a U.S. trade or business grew from \$20.8 billion for 1983 to \$50.9 billion

for 1985, a 145 percent increase using current dollars. This growth rate was notably higher than the 32 percent increase for domestic corporations controlled by foreign persons, as well as the 18 percent increase for all U.S. corporation income tax returns. (See the section entitled "Domestic Corporations Controlled by Foreign Persons: Growth Since 1983.") It should be noted that total receipts for domestic corporations includes income from both domestic and foreign activities. It also includes investment-type income, such as interest and dividends not directly connected with a business activity. The amount of U.S. source, business-related income of domestic corporations for 1983 through 1985 was not separately reported on the corporation income tax return and, thus, not available for comparison to the U.S. effectively connected income of foreign corporations.

As a result of the growth rate of foreign corporations with U.S. effectively connected income, their share of the receipts reported on all corporate returns increased from 0.29 percent for 1983, to 0.56 and 0.61 percents, for 1984 and 1985, respectively (see Table 1).

Industry Characteristics

As can be seen in Figure F, the finance, insurance and real estate industrial division accounted for the majority of business activity in the United States by foreign corporations. In fact, for 1985, this division accounted for 80 percent of the returns filed and 75 percent of the total receipts resulting from trade or business effectively connected with the United States.

Foreign banks reported receipts of \$26.6 billion, or 52 percent of the 11,693 foreign corporations' total U.S. effectively connected income. Nearly all (\$23.8 billion) of this income was interest. Only 234 banks, 2 percent of the foreign companies, generated these receipts for 1985.

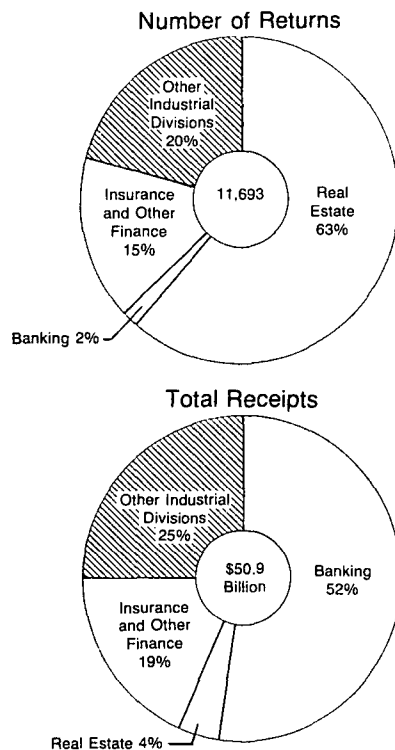
By contrast, the 7,313 foreign corporations involved in real estate (63 percent of the total) generated only \$1.9 billion (or 4 percent) of total receipts. This was an average of just \$265,000 per company. As a group, foreign real estate companies reported a net deficit of \$609 million for 1985. For every company that reported a profit (for tax purposes), nearly three others reported losses (see Figure G).

Country Characteristics

Nearly three-fourths of the 11,693 foreign corporations which reported income effectively connected with a U.S. trade or business for 1985 were incorporated in the nine countries shown in Figure H. These 8,538 companies also accounted for 88 percent of the effectively connected receipts of all foreign corporations operating a U.S. trade or business.

Figure F

Foreign Corporations with Income Effectively Connected with a U.S. Business, by Industry, Income Year 1985



The Netherlands Antilles had the largest number of foreign-incorporated U.S. businesses, totalling 5,629, or nearly one-half of the total. However, these corporations

Figure G.—Foreign Real Estate Companies with Income Effectively Connected with a U.S. Business, Income Years 1984 and 1985

(All figures are estimates based on samples—money amounts are in millions of dollars)

Item	1984	1985
Number of returns, total	6,961	7,313
With net income	1,839	2,011
Total receipts	\$1,692	\$1,939
Total deductions	2,412	2,540
Interest paid	941	1,029
Total receipts less total deductions	-720	-601
Net income (less deficit) ¹	-727	-609
Net income	259	467
Deficit	986	1,076

¹ See footnote 13 at the end of this article.

Figure H.—Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business, by Selected Country of Incorporation, Income Year 1985

(All figures are estimates based on samples—money amounts are in millions of dollars)

Country	Number of returns	Total receipts
All countries	11,693	\$50,908
Total selected countries	8,538	44,571
Japan	197	11,931
Canada	1,586	10,883
Netherlands Antilles	5,629	7,724
United Kingdom	398	3,376
West Germany	221	3,353
Switzerland	219	2,797
Italy	21	1,787
France	36	1,476
Netherlands	231	1,244

accounted for only 15 percent of the effectively connected receipts of all foreign corporations. This coincided with the fact that 4,413 of these corporations were principally involved in real estate activities and produced only \$1.3 billion of receipts. As previously noted, foreign corporations involved in U.S. real estate activities tended to report relatively small amounts of receipts, as compared to those engaged in other business activities.

Japanese corporations produced the largest amount (\$11.9 billion) of U.S. effectively connected receipts. The majority of these receipts were produced by banks. In fact, U.S. branches of 24 Japanese banks produced \$11.5 billion of U.S. effectively connected receipts. These receipts accounted for 97 percent of the receipts of the 197 Japanese-incorporated businesses operating in the United States.

Sixteen of these 24 Japanese banks produced \$212 million of income subject to tax as a result of their U.S. effectively connected business activities. (The other 8 banks had deficits and, as a result, no taxable income.) This U.S. taxable income resulted in \$97 million of U.S. taxes, prior to credits. However, this amount was reduced by \$49 million through the use of foreign tax credits. This \$49

million represented over 75 percent of the total foreign tax credits claimed by all foreign corporations with income effectively connected with a U.S. trade or business. The United States allowed a foreign tax credit against income tax for certain taxes paid or accrued to foreign countries. These taxes were based on the corporation's foreign-source taxable income, certain types of which were considered to be U.S. effectively connected income. (See the section entitled "Foreign Corporations with Income Effectively Connected with a U.S. Trade or Business: U.S. Taxation.")

Canadian corporations produced the second largest amount (\$10.9 billion) of U.S. effectively connected receipts. Over 85 percent of these receipts were from companies classified in the finance, insurance and real estate industrial division. Insurance companies, banks, and non-bank holding and other investment companies accounted for most of these receipts, with \$4.3, \$2.6, and \$2.1 billion, respectively.

Income Statement and Tax Items

For 1985, 11,693 foreign corporations reported receipts totalling \$50.9 billion from activities effectively connected with a trade or business in the United States. Business receipts amounted to \$20.3 billion, while \$27.2 billion of the total was interest income.

Collectively, foreign corporations claimed \$51.9 billion in deductions for 1985. In conjunction with foreign banks producing large amounts of receipts in the form of interest income, they reported deductions for interest paid totalling \$22.3 billion. This amount was 87 percent of the \$25.7 billion of total interest paid by all of the foreign corporations.

Foreign corporations realized an overall net deficit of \$1.5 billion from their effectively connected activities. This was the result of 3,571 corporations having \$1.8 billion of profits and 8,122 companies that were without profits, totalling \$3.3 billion of deficits. (A small number of these 8,122 companies were actually "breakeven" companies with equal amounts of receipts and deductions.) Thus, only 31 percent of the foreign corporations reported profits for 1985, as compared to 56 percent of all corporations filing U.S. tax returns. The percentages for 1984 were very similar to those for 1985, with only 30 percent of the foreign corporations reporting profits, compared to 56 percent for all corporations.

For 1985, the profitable foreign corporations had \$1 billion of income subject to U.S. tax from their effectively connected activities with a U.S. trade or business. This resulted in a tax of \$412 million before credits. With reference to Form 1120F (the return form used by foreign corporations), this tax is called the "Section II" tax. Tax credits of \$73 million reduced the U.S. tax

liability to \$339 million, with foreign tax credits of \$65 million accounting for most of the credits. The \$339 million of U.S. tax after credits represents less than 1 percent (i.e., 0.67 percent) of the \$50.9 billion of total receipts generated by foreign corporations.

Foreign corporations with effectively connected U.S. trade and business income also incurred \$16 million of income tax on U.S.-source income that was not effectively connected with their U.S. operations (i.e., "Section I" tax), as well as \$5 million of additional tax for tax preferences, and \$2 million of tax from recomputing prior-year investment credits. (While Section I tax is reflected in the tax statistics, the income on which it was based was not tabulated.)

SUMMARY

Foreign investment and activity in the United States through corporations continued to grow at a relatively fast rate for 1984 and 1985. While total receipts reported on all U.S. corporation income tax returns increased from 1983 to 1985 by 18 percent (using current dollars), receipts of domestic corporations controlled by foreign persons increased by 32 percent, and those of foreign corporations with U.S. effectively connected income grew by 145 percent.

Foreign-controlled domestic corporations generated approximately 83 percent of their total receipts from two industrial divisions: manufacturing and trade. In contrast, foreign corporations with U.S. effectively connected income were largely involved in finance, insurance and real estate activities. For 1985, this division alone accounted for 75 percent of the total receipts, with only 234 banks actually generating 52 percent of the \$50.9 billion of total receipts for all 11,693 foreign corporations.

Both the 1984 and 1985 Income Years were not very profitable years for either foreign-controlled domestic corporations or foreign corporations with income effectively connected with a U.S. trade or business. For 1985, only 31 percent of the foreign corporations reported profits (as computed under the tax code), and only 43 percent of the domestic corporations with a 50 percent or more foreign owner had profits. By comparison, 56 percent of all corporations filing U.S. tax returns reported profits for 1985. Percentages for 1984 (30, 41, and 56, respectively) were similar to those for 1985.

EXPLANATION OF SELECTED TERMS

Attribution Rules.—In regard to domestic corporations that are 50 percent or more owned by a foreign "person," these rules provide that an individual shall be considered as owning the stock of a corporation that is owned, directly or indirectly, by or for his or her family. The family of an

individual includes his or her spouse, brothers and sisters, ancestors, and lineal descendants. For more information on these rules, see section 267(c) of the Internal Revenue Code. However, if a corporation is owned by two or more unrelated persons, neither of whom owned 50 percent or more of the corporation, then that corporation was excluded from the statistics even though, together, the persons may have met the 50 percent ownership criterion.

Foreign Person.—A foreign person (or entity) is defined as a person other than a U.S. person. A U.S. person includes: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, and (4) any estate or trust (other than a foreign estate or trust). Section 7701 of the Internal Revenue Code further defines the term U.S. person.

Net Worth.—This is the stockholders' equity in the corporation, i.e., total assets less the claims of creditors. More specifically, it is the sum of capital stock plus paid-in or capital surplus plus appropriated and unappropriated retained earnings, less the cost of treasury stock. Table 4 shows this item for domestic corporations controlled by foreign persons.

Rate of Return on Assets.—For domestic corporations, this is the amount of before-tax net income (less deficit) calculated for U.S. tax purposes expressed as a percentage of total assets.

DATA SOURCES AND LIMITATIONS

Sample

The statistics for domestic corporations controlled by a foreign person shown in this article are based primarily on samples of Forms 1120 (U.S. Corporation Income Tax Return). For foreign corporations with income effectively connected with a U.S. trade or business, the statistics are based primarily on samples of Forms 1120F (Return of a Foreign Corporation). In addition to these forms, the statistics include data from Forms 1120L (U.S. Life Insurance Company Income Tax Return). Forms 1120L were filed by both domestic life insurance companies and foreign companies that carried on a life insurance business in the United States. Thus, data for both foreign-controlled domestic corporations and foreign corporations with income effectively connected with a U.S. trade or business could include information from Forms 1120L.

Form 1120 samples were stratified based on the size of total assets and net income (or deficit) and the business activity. For 1985, the Form 1120 achieved sampling rates ranged from 0.36 percent to 100 percent. Forms 1120F were stratified based on the size of total assets and the business activity, even though balance sheet information

was not actually tabulated from Forms 1120F. The sampling rates achieved for these forms ranged from 23.63 percent to 100 percent. Forms 1120L were stratified based solely on the size of total assets. The sample rates achieved for these forms ranged from 48.12 percent to 100 percent.

Because the data presented in this article are estimates based on samples, they are subject to sampling error. To properly use the data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the Appendix to this publication. For a more detailed discussion of CV's for 1984 and 1985, see *Statistics of Income—Corporation Income Tax Returns*, for 1984 and 1985.

Nonsampling Limitations

Most of the data in this article relate to years 1984 and 1985 [21]. However, for each income year, the estimates cover returns with accounting periods that ended in a 12 month span beginning in July and ending in June. Thus, for Income Year 1984, the span was between July 1984 and June 1985. Similarly, for Income Year 1985, the span was from July 1985 through June 1986.

As a result of the 12 month span for ending accounting periods, the statistics for each year shown in this article include income received or expenses incurred during a 23 month span. For Income Year 1984, that span was from August 1983 through June 1985. Similarly, for Income Year 1985, the span was from August 1984 through June 1986.

Each return used for the studies described in this article had an industry code during statistical processing. This code was used as a classifier of the returns, as shown in Tables 4 and 5 of this article. (Tables 2 and 3 are classified by geographical area.) The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities or may have been a consolidated return filed for an affiliated group of corporations which conducted different business activities. In general, foreign corporations could not be members of such affiliated groups. To the extent that some consolidated (and nonconsolidated) corporations were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

The income statement data for foreign corporations shown in this article are only for those corporations which had income effectively connected with a U.S. trade or business. U.S.-source investment income (including interest, dividends, rents, royalties, annuities, and other fixed or

determinable annual or periodic income) that was not effectively connected with the conduct of a U.S. trade or business is excluded from the data. The tax liability on this U.S. source investment income is, however, included in amounts of "Total U.S. Income Tax," shown in Tables 1, 3, and 5 of this article.

FOOTNOTES

- [1] For purposes of this article, "control" is defined as ownership by any foreign person (i.e., an individual, partnership, corporation, estate or trust), directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock at the end of the tax year. For rules of attribution, see the "Explanation of Selected Terms" section of this article and section 267(c) of the Internal Revenue Code.
- [2] Portfolio investment is different from direct investment in that there is no control of the management of the enterprise, except to the extent, for example, of rights to vote periodically in stockholder meetings of corporations. Rather, the portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments or an increase in the value of the shares of stock.
- [3] For additional information on these subjects, see, for example, Zagaris, Bruce, *Foreign Investment in the United States*, Praeger Publishers, 1980; Guillermin, Christine and Kirk, Richard, *Direct Investment Techniques for the USA*, Kleuver Law and Taxation Publishers, 1983; and *Doing Business in the United States*, Price Waterhouse, 1985. The Bureau of Economic Analysis of the U.S. Department of Commerce publishes data on foreign direct investment in the United States. See, for example, Herr, Ellen M., "U.S. Business Enterprises Acquired or Established by Foreign Direct Investors in 1987," and Howenstone, Ned G., "U.S. Affiliates of Foreign Companies: Operations in 1986," *Survey of Current Business*, Volume 68, Number 5, May 1988.
- [4] Sections 7701(a)(4) and (5) of the Internal Revenue Code defined a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation was one which was not domestic.
- [5] Information on ownership levels was asked by questions on the corporation income tax return which requested the owner's name, country and percentage of voting stock owned when any foreign individual, partnership, corporation, estate or trust owned, directly or indirectly, 50 percent or more of the corporation's voting stock at the end of the tax year.
- [6] Domestic International Sales Corporations (through 1984) and Interest Charge Domestic International Sales Corporations (beginning in 1985) were not subject to U.S. taxation. Instead, the stockholders of these companies were subject to taxation when profits from these companies were distributed or deemed to be distributed to them. In addition, "S" Corporations were generally not taxed on their income, but rather passed the income on to their stockholders for taxation purposes. Finally, regulated investment companies and real estate investment trusts were only taxed on income that was not distributed to their stockholders.
- [7] For a more complete discussion of taxable income, see *Statistics of Income—1985, Corporation Income Tax Returns*.
- [8] For the most recent detailed information on corporate foreign tax credits, see Carson, Chris R., "Corporate Foreign Tax Credit, 1982: A Geographic Focus," *Statistics of Income Bulletin*, Fall 1986, Volume 6, Number 2.
- [9] For detailed information on U.S.-source dividends (and other types of income, such as interest) paid to foreign persons, see Lewis, Margaret P., "Foreign Recipients of U.S. Income, and Tax Withheld, 1985," *Statistics of Income Bulletin*, Fall 1987, Volume 7, Number 2.
- [10] The source of the GNP Implicit Price Deflator is the *Survey of Current Business*, Bureau of Economic Analysis, U.S. Department of Commerce.
- [11] Manufacturing companies had larger amounts of assets and receipts than did all other companies based on data reported on all U.S. corporation income tax returns. For this group for 1985, the average manufacturer had \$9.6 million of assets and \$10.2 million of receipts. The average for nonmanufacturing companies was \$3.4 million and \$1.9 million of total assets and receipts, respectively.
- [12] Bank holding companies are included in the banking industry, as opposed to the "holding and other investment companies" industry.
- [13] For statistical purposes, taxable net income (less deficit) is the difference between "modified" total receipts and total deductions. The \$514 billion of total receipts for 1985 is modified as follows: (1) tax-exempt interest from State and local Government obligations is subtracted and (2) "constructive" receipts are added. Constructive receipts are the sum of the following types of taxable income from related foreign corporations: (1) includable income from Controlled Foreign

Corporations and (2) foreign dividend income resulting from foreign taxes deemed paid.

- [14] The 20,795 companies reporting a deficit include a small number of "breakeven" companies, i.e., those whose receipts and deductions were equal.

- [15] The \$5.2 billion of total income tax before credits includes \$62 million from additional tax for tax preferences and tax from recomputing prior-year investment credits.

- [16] Section 864(c) of the Internal Revenue Code and the related Internal Revenue Regulations describe tests to be used in determining whether income is effectively connected with a U.S. trade or business.

- [17] Charitable contributions were deductible, subject to a limitation, whether or not they were related to effectively connected income.

- [18] While capital gains that were considered to be "effectively connected" with a U.S. trade or business were taxable income, other U.S.-source capital gains were exempt from the U.S. income tax.

- [19] For a list of tax treaties, see U.S. Department of the Treasury, Internal Revenue Service, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, Publication 515.

- [20] The Tax Reform Act of 1986 replaced the "second-level withholding taxes" with "branch level profits and interest taxes," subject to modification or elimination by tax treaties. For tax years beginning after 1986, the U.S. branch of a foreign corporation could be subject to a 30-percent tax on amounts of its "dividend equivalent" and on certain "excess interest" deductions used in calculating effectively connected taxable income. Dividend equivalent is the branch's effectively connected earnings and profits for the year, reduced (or increased) by the amount of increase (or decrease) in the branch's U.S. net equity position during the tax year. Section 884 of the Internal Revenue Code specifies the branch level profits and interest taxes.

- [21] Tables 1 through 5 include data for 1983, as well as for 1984 and 1985. For more information on 1983, see Hobbs, James R., "Foreign Investment and Activity in the United States Through Corporations, 1983," *Statistics of Income Bulletin*, Summer 1987, Volume 7, Number 1.

Table 1.—Foreign Investment and Activity Through Corporations as a Percentage of All Corporations: Selected Items¹
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and item	All corporation income tax returns	Returns of domestic corporations controlled by foreign persons		Returns of foreign corporations with U.S. effectively connected income	
		Number or amount	Percentage of all returns	Number or amount	Percentage of all returns
	(1)	(2)	(3)	(4)	(5)
1983					
Number of returns.....	2,999,071	33,622	1.12	8,001	0.27
Total assets.....	10,201,084,144	530,334,499	5.20	(²)	(²)
Total receipts.....	7,135,494,059	389,908,798	5.46	20,793,723	0.29
Business receipts.....	6,534,932,711	359,793,137	5.56	5,477,256	0.09
Total deductions.....	6,945,457,358	367,081,124	5.30	21,862,107	0.32
Cost of sales and operations.....	4,308,238,989	271,372,629	6.30	3,723,239	0.09
Net income (less deficit).....	188,313,928	1,848,521	0.96	-1,117,898	N/A
Net income.....	296,932,140	12,447,568	4.19	693,369	0.23
Deficit.....	108,618,216	10,599,067	9.76	1,811,268	1.67
U.S. income subject to tax.....	218,696,396	10,706,827	4.90	468,995	0.21
Total U.S. income tax—					
Before credits.....	92,218,567 ³	4,848,504	5.26	182,806 ³	0.20
After foreign tax credit.....	72,267,402 ³	4,177,943	5.78	157,572 ³	0.22
After all credits.....	51,479,057 ³	3,418,554	6.64	152,443 ³	0.30
Distributions to stockholders except in own stock.....	126,299,545	4,328,837	3.37	409,044	0.32
1984					
Number of returns.....	3,170,743	37,401	1.18	10,905	0.34
Total assets.....	11,106,701,948	552,597,884	4.98	(²)	(²)
Total receipts.....	7,800,711,220	459,161,616	5.89	43,655,886	0.56
Business receipts.....	6,948,481,853	423,632,229	6.10	15,445,905	0.22
Total deductions.....	7,628,772,066	454,641,699	5.96	45,003,619	0.59
Cost of sales and operations.....	4,682,505,746	320,856,731	6.84	12,552,248	0.27
Net income (less deficit).....	232,900,596	4,528,142	1.94	-1,513,345	N/A
Net income.....	349,179,415	15,355,593	4.40	1,342,116	0.38
Deficit.....	116,278,819	10,827,451	9.31	2,855,460	2.46
U.S. income subject to tax.....	237,654,090	13,110,975	5.22	902,277	0.35
Total U.S. income tax—					
Before credits.....	107,958,407 ³	6,049,943	5.60	393,179 ³	0.36
After foreign tax credit.....	86,893,111 ³	5,261,889	6.06	334,137 ³	0.38
After all credits.....	63,990,210 ³	4,487,752	7.01	317,143 ³	0.50
Distributions to stockholders except in own stock.....	144,671,643	3,322,147	2.29	127,667	0.09
1985					
Number of returns.....	3,277,219	38,677	1.12	11,693	0.36
Total assets.....	12,773,093,888	655,695,711	5.13	(²)	(²)
Total receipts.....	8,398,278,426	513,777,962	6.12	50,908,814	0.61
Business receipts.....	7,365,538,933	473,892,926	6.43	20,274,675	0.28
Total deductions.....	9,158,144,126	510,954,654	6.26	51,928,117	0.64
Cost of sales and operations.....	4,894,254,061	357,519,673	7.30	15,032,230	0.31
Net income (less deficit).....	240,119,020	2,978,286	1.24	-1,486,694	N/A
Net income.....	363,867,384	14,500,125	3.99	1,783,685	0.49
Deficit.....	123,748,365	11,521,838	9.31	3,270,369	2.64
U.S. income subject to tax.....	266,060,609	11,428,043	4.30	1,024,816	0.38
Total U.S. income tax—					
Before credits.....	111,340,839 ³	5,152,493	4.63	435,079 ³	0.39
After foreign tax credit.....	87,077,352 ³	4,427,599	5.08	389,923 ³	0.42
After all credits.....	63,348,204 ³	3,576,147	5.65	361,927 ³	0.57
Distributions to stockholders except in own stock.....	167,677,294	3,529,185	2.10	42,957	0.03

¹ Includes domestic corporations controlled by foreign persons and foreign corporations with U.S. effectively connected income. For the foreign corporations, income statement items shown in this table pertain only to income effectively connected with a U.S. trade or business.

² Balance sheets of foreign corporations with U.S. effectively connected income are generally not included in the statistics. However, balance sheets for U.S. branches of foreign insurance companies are included in the statistics for all corporation income tax returns.

³ For foreign corporations, includes tax both on U.S.-source income effectively connected and not effectively connected with a U.S. trade or business.

N/A—Not applicable.

Table 2.—Domestic Corporations Controlled by a Foreign Person: Selected Items, by Geographic Area
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and geographic area ¹	Number of returns	Total assets	Total receipts	Net income (less deficit)	Net income	U.S. income subject to tax	Total U.S. income tax	
							Before credits	After credits
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1983								
All geographic areas, total	33,622	530,334,499	389,008,798	1,848,521	12,447,588	10,708,827	4,848,504	3,418,554
Canada	6,860	46,602,258	29,429,238	-874,763	888,896	547,092	231,231	151,321
Latin America, total	5,174	26,180,572	23,109,341	-892,132	261,917	159,507	70,649	39,955
Mexico	453	1,225,831	972,125	-19,486	19,486	10,862	3,754	2,407
Caribbean, total	2,484	17,343,802	17,006,508	-614,339	157,989	99,804	47,891	20,729
Netherlands Antilles	1,320	15,584,182	16,051,776	-542,301	143,725	92,350	44,726	17,679
South America	1,390	1,716,833	2,055,717	-25,017	17,258	476,456	35,373	303
Central America, total	848	5,893,709	4,652,698	-284,374	63,952	45,291	17,501	16,317
Panama	65	5,799,902	4,495,358	-303,886	44,439	27,186	12,795	11,849
Other Western Hemisphere, total	285	3,484,243	6,451,417	300,626	41,182	15,326	4,710	4,596
Bermuda	155	2,840,309	2,971,945	15,358	217,945	120,862	4,301	4,974
Europe, total	12,132	334,536,883	217,765,477	3,609,071	8,858,719	7,846,124	3,588,632	2,443,943
Common Market countries, total	9,059	312,093,344	197,895,187	3,688,825	8,170,209	7,280,009	3,335,338	2,258,304
Belgium	344	7,869,964	10,789,260	1,122,236	1,106,172	1,106,172	507,261	27,248
France	2,041	23,820,520	19,681,520	1,986,871	369,859	264,520	120,862	74,893
Netherlands	1,542	77,475,240	59,690,165	782,544	2,171,128	1,999,983	928,263	744,485
United Kingdom	2,127	171,840,588	65,743,040	1,957,890	3,315,151	3,009,444	1,379,834	1,087,280
West Germany	2,217	24,383,798	23,087,479	239,502	1,115,899	849,171	380,807	329,196
Sweden	675	4,220,814	4,032,967	-69,256	118,719	113,857	50,790	47,260
Switzerland	1,423	13,118,596	12,835,306	128,084	513,353	420,399	192,306	130,650
Africa	202	627,288	290,296	-32,889	1,808	459	419	419
Asia, total	6,070	90,919,064	98,772,809	986,330	1,938,343	1,757,242	791,686	716,250
Hong Kong	933	24,147,261	3,113,882	138,323	122,454	122,454	54,557	5,068
Japan	2,292	45,212,866	87,543,400	1,072,011	1,750,835	1,598,850	672,015	672,015
South Korea	71	1,520,635	1,695,047	-22,573	10,057	4,685	1,979	1,680
Oceania	347	3,306,315	795,888	-2,320	29,693	9,763	3,481	3,025
Puerto Rico and U.S. Possessions	228	2,160,829	1,854,628	209,328	211,710	205,477	94,122	9,470
Country not stated	2,297	22,517,246	11,523,705	-363,477	231,109	164,489	63,235	49,690
1984								
All geographic areas, total	37,401	552,597,884	459,161,616	4,528,142	15,355,593	13,410,975	6,049,943	4,497,752
Canada	6,389	45,368,983	31,633,581	-170,931	915,513	606,425	258,199	-209,181
Latin America, total	5,568	32,128,945	26,991,328	-778,796	451,584	342,147	148,442	66,713
Mexico	861	1,012,813	1,659,853	-4,575	24,681	15,874	5,796	5,068
Caribbean, total	2,354	23,116,130	19,019,759	-450,372	324,846	249,389	112,926	36,042
Netherlands Antilles	1,300	21,377,808	17,846,710	-384,690	300,569	230,102	104,975	29,441
South America	1,610	1,735,439	1,332,952	-17,654	32,368	5,287	5,287	5,287
Central America, total	837	6,225,565	4,976,487	-272,715	59,229	20,418	20,418	20,418
Panama	636	5,688,187	4,753,989	-279,426	59,691	50,562	20,792	19,314
Other Western Hemisphere, total	477	3,249,843	5,063,108	-259,110	17,999	8,873	3,585	2,637
Bermuda	781	2,778,113	4,809,313	8,495	1,809,313	1,812	1,812	1,812
Europe, total	13,487	358,557,271	256,283,592	4,687,196	10,043,108	9,037,494	4,097,317	2,959,567
Common Market countries, total	9,438	328,673,207	221,289,177	4,420,200	8,783,026	6,019,368	3,339,253	2,580,690
Belgium	287	8,637,335	8,090,100	1,035,300	1,103,509	1,092,871	38,793	38,793
France	2,212	22,745,111	19,250,745	1,912,112	484,564	185,628	2,567,743	2,516,559
Netherlands	1,501	96,168,754	71,623,945	796,123	2,224,894	916,890	753,038	753,038
United Kingdom	2,680	165,927,798	76,084,056	1,953,078	3,350,336	3,161,220	1,442,102	1,147,539
West Germany	1,842	27,534,111	36,442,085	748,218	1,431,746	1,179,722	537,089	423,054
Sweden	718	7,761,200	12,531,765	-5,382	351,840	148,222	122,986	122,986
Switzerland	1,557	16,338,922	17,931,565	374,180	819,486	625,785	261,213	233,435
Africa	192	1,049,981	404,981	-32,737	6,954	5,311	2,320	2,052
Asia, total	7,199	89,242,279	122,071,832	1,089,092	3,042,045	2,776,408	1,262,577	1,173,356
Hong Kong	1,202	1,476,643	1,019,983	-53,039	35,267	34,770	13,035	11,092
Japan	2,399	65,554,130	112,607,206	1,815,477	2,920,631	2,681,977	1,224,963	1,143,570
South Korea	44	1,655,364	2,526,563	-26,362	2,496	1,668	630	542
Oceania	347	8,436,905	3,631,711	10,259	154,483	142,173	68,309	7,850
Puerto Rico and U.S. Possessions	228	2,160,829	1,854,628	209,328	211,710	205,477	94,122	9,470
Country not stated	3,728	13,346,192	12,216,637	415,995	616,426	383,942	159,831	60,342
1985								
All geographic areas, total	36,677	655,695,711	513,777,982	2,078,268	14,500,125	11,428,043	5,152,493	3,576,147
Canada	6,151	67,531,601	40,458,451	-197,296	1,271,083	634,263	281,377	200,553
Latin America, total	5,108	33,006,850	29,970,129	-845,657	530,201	336,895	152,913	77,353
Mexico	1,532	1,088,502	1,611,323	-24,878	15,147	7,943	1,581	1,208
Caribbean, total	1,670	23,715,455	21,212,137	-411,938	415,676	262,891	125,083	53,030
Netherlands Antilles	733	22,698,123	20,767,891	-535,965	411,261	262,524	124,867	52,841
South America	1,184	1,977,180	1,889,622	-11,824	31,414	24,324	8,205	7,079
Central America, total	882	6,227,813	5,257,047	-197,017	41,726	18,046	16,639	16,639
Panama	821	6,129,333	5,145,672	-198,998	64,400	38,176	17,069	15,285
Other Western Hemisphere, total	522	7,915,728	6,405,301	-291,311	21,632	12,996	4,188	3,960
Bermuda	358	7,028,912	5,990,326	-249,992	10,718	6,498	2,032	1,796
Europe, total	13,513	400,800,621	276,476,480	3,419,214	9,324,218	7,417,393	3,355,662	2,087,006
Common Market countries, total	10,371	360,558,201	235,827,575	3,114,976	8,113,809	6,473,701	2,930,658	1,778,013
Belgium	658	8,260,619	7,095,342	958,497	1,034,535	1,023,325	488,252	39,249
France	1,683	27,610,365	25,673,312	-126,433	505,017	384,654	172,145	127,700
Netherlands	1,747	104,147,817	70,471,893	138,331	1,573,586	973,518	440,248	205,353
United Kingdom	2,841	174,635,073	83,340,020	1,817,698	3,387,943	2,712,172	1,231,060	904,405
West Germany	2,214	55,046,899	42,945,267	539,697	1,424,595	1,260,191	567,737	445,478
Sweden	690	8,629,894	5,693,785	237,540	383,892	297,893	131,871	75,770
Switzerland	1,423	23,328,906	24,169,417	192,447	672,383	554,725	249,681	199,942
Africa	126	1,233,918	522,889	-2,403	32,291	18,300	6,513	4,441
Asia, total	7,197	108,330,924	144,008,678	956,474	2,884,969	2,696,802	1,220,606	1,059,339
Hong Kong	1,851	1,891,411	1,300,000	-11,765	11,765	15,802	5,804	3,739
Japan	2,560	81,094,768	133,495,744	1,227,992	2,759,124	2,636,389	1,198,936	1,117,328
South Korea	44	1,755,089	2,493,631	-79,762	4,566	1,909	701	16,559
Oceania	376	19,492,331	6,824,211	-51,974	198,274	105,739	47,611	4,206
Puerto Rico and U.S. Possessions	228	2,160,829	1,854,628	209,328	211,710	205,477	94,122	9,470
Country not stated	3,474	16,811,165	8,569,897	-49,078	226,423	156,583	76,787	47,594

Table 3.—Foreign Corporations with Income Effectively Connected with a U.S. Business: Selected Income and Tax Items, by Geographic Area
[All figures are estimates based on samples—money amounts are in thousands of dollars]

All figures are estimates based on samples. Money amounts are in thousands of dollars.									
Year and geographic area ¹	Number of returns	Total receipts	Total deductions	Net income (less deficit)	Net income	U.S. income subject to tax	U.S. income tax before credits		U.S. total income tax after credits
							Total ²	Section II tax ³	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1983									
All geographic areas, total	8,001	20,793,723	21,882,107	-1,117,698	693,369	468,995	182,806	166,477	152,443
Canada	1,131	3,652,389	3,943,990	-293,352	74,552	45,589	25,177	10,681	24,073
Latin America, total	5,275	3,265,725	3,705,068	-443,756	336,706	254,977	82,172	78,732	78,243
Mexico	56	172,602	179,171	-6,686	2,994	356	84	84	84
Central America	741	252,120	294,769	-43,803	17,512	13,560	3,681	3,615	3,652
Caribbean, total	4,409	2,439,214	2,725,192	-288,928	314,739	240,976	76,304	75,021	74,493
Netherlands Antilles	4,124	2,013,852	2,304,783	-293,858	287,853	230,882	73,028	70,877	70,157
South America	69	401,088	505,936	-104,339	1,471	85	13	13	13
Other Western Hemisphere	119	213,217	218,409	-5,348	18,945	13,129	4,516	4,401	4,380
Europe, total	803	7,226,690	7,391,553	-184,726	126,190	88,420	40,007	38,250	32,196
Common Market countries, total	510	5,463,657	5,565,197	-104,722	100,825	67,909	30,554	29,913	23,042
France	21	1,562,822	1,626,038	-63,215	1,402	—	572	—	572
United Kingdom	185	1,066,185	1,043,391	-22,796	41,723	35,633	16,103	16,035	9,332
West Germany	200	1,517,694	1,497,383	-18,311	44,644	30,328	13,357	13,356	12,642
Switzerland	148	1,304,982	1,355,023	-53,450	20,739	16,498	6,071	6,999	7,844
Africa	110	16,394	24,650	-8,256	1,882	1,138	324	317	319
Asia, total	354	6,043,225	6,208,952	-165,800	117,008	57,633	28,240	25,762	10,862
Japan	103	4,612,363	4,542,856	-69,446	111,676	56,512	27,908	25,484	10,544
Oceania	66	135,634	144,473	-8,840	1,165	1,165	450	450	450
Puerto Rico and U.S. Possessions	33	140,941	136,179	1,519	7,786	256	41	41	41
Country not stated	109	99,509	108,832	-9,339	7,256	6,688	1,879	1,844	1,879
1984									
All geographic areas, total	10,905	43,655,886	45,003,619	-1,513,345	1,342,116	902,277	393,179	376,741	317,413
Canada	1,029	4,642,767	5,631,714	-289,093	161,767	112,122	53,674	48,846	51,287
Latin America, total	5,950	9,933,079	10,728,904	-795,825	688,254	500,704	174,896	72,750	70,743
Mexico	53	181,473	204,533	-23,166	10,726	7,233	23	23	23
Central America	1,078	274,357	267,986	-5,274	47,799	25,104	8,646	8,568	8,646
Caribbean, total	5,792	4,096,111	4,707,556	-628,338	343,566	183,186	66,177	64,622	62,214
Netherlands Antilles	5,405	3,145,141	3,777,374	-645,183	247,255	159,858	56,037	55,103	55,895
South America	97	381,138	445,723	-64,585	1,799	270	50	47	37
Other Western Hemisphere	141	195,746	214,404	-18,820	16,380	13,393	4,389	4,271	4,181
Europe, total	1,316	16,236,820	16,613,182	-427,500	449,455	371,408	168,012	164,680	155,678
Common Market countries, total	933	12,185,575	12,221,538	-36,000	428,552	353,039	160,776	158,225	140,826
France	29	2,567,743	2,618,555	-50,817	35,617	—	501	—	501
United Kingdom	352	5,598,492	5,308,698	-285,474	339,127	332,804	152,165	152,056	148,026
West Germany	229	2,060,455	2,072,985	-34,273	36,415	7,909	3,298	3,298	3,315
Switzerland	154	3,175,219	3,443,392	-294,028	6,878	5,175	3,568	1,994	3,191
Africa	168	130,676	161,172	-30,497	2,167	1,333	394	348	377
Asia, total	397	15,124,485	15,126,585	-25,778	308,457	188,749	89,450	85,482	32,596
Japan	113	13,433,547	13,282,398	-149,294	300,711	185,995	88,473	84,511	31,659
Oceania	92	465,988	395,500	-4,773	6,748	5,381	2,041	2,041	1,860
Puerto Rico and U.S. Possessions	51	121,391	124,201	-3,037	3,014	596	141	141	141
Country not stated	120	4,933	7,956	-3,024	635	590	182	182	182
1985									
All geographic areas, total	11,693	50,008,814	51,928,117	-1,480,684	1,783,685	1,024,616	435,079	411,956	361,827
Canada	1,586	10,883,168	10,502,685	-39,312	430,887	210,048	102,392	91,919	94,294
Latin America, total	7,597	9,265,113	10,163,608	-848,010	534,516	265,825	96,258	92,266	92,229
Mexico	59	190,158	188,899	-26,501	444	(⁴)	6,654	7,532	(⁴)
Central America	1,233	433,954	461,686	-28,547	36,820	26,334	6,654	6,654	8,612
Caribbean, total	6,184	8,340,582	9,021,144	-692,448	495,891	239,492	87,469	84,798	83,493
Netherlands Antilles	5,629	7,723,859	8,408,243	-691,036	434,732	203,098	71,716	69,089	69,771
South America	62	400,418	491,880	-100,515	431	330	136	136	125
Other Western Hemisphere	156	729,931	744,002	-14,293	40,370	40,711	17,897	17,658	17,682
Europe, total	1,542	15,152,165	15,676,627	-591,505	240,038	153,242	71,151	68,267	60,886
Common Market countries, total	939	11,754,017	12,107,052	-353,867	209,152	140,364	63,739	62,008	53,671
France	36	1,475,527	1,528,980	-53,489	4,549	20	3	3	3
United Kingdom	398	3,375,919	3,459,777	-82,477	34,628	35,618	30,497	30,096	24,761
West Germany	221	3,352,839	3,392,971	-44,730	96,738	58,422	26,314	26,195	22,151
Switzerland	219	2,797,056	2,958,905	-188,562	22,374	8,442	6,019	3,083	5,977
Africa	167	149,440	155,298	-5,665	7,943	7,171	3,167	3,131	3,106
Asia, total	514	13,903,413	13,913,467	-19,716	498,842	341,507	141,989	138,221	91,808
Japan	197	11,931,489	11,749,442	-180,562	386,204	238,289	111,275	109,221	60,937
Oceania	127	577,079	616,401	-39,322	9,380	3,438	1,533	1,404	1,144
Puerto Rico and U.S. Possessions	71	126,740	134,811	-8,186	2,509	532	136	136	136
Country not stated	122	21,765	21,218	546	3,202	2,042	755	755	741

Table 4.—Domestic Corporations Controlled by a Foreign Person: Selected Balance Sheet, Income Statement and Tax Items, by Industrial Division

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and item	All industrial divisions	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1983									
Number of returns, total	33,822	1,149	1,182	352	3,280	862	12,343	6,333	4,463
With net income	13,648	385	310	135	1,873	592	4,993	2,827	2,533
Total assets	530,334,499	1,826,447	22,047,801	2,172,726	219,225,274	20,085,931	66,127,339	191,094,419	7,891,712
Net worth	138,380,457	470,012	9,687,184	456,684	71,327,454	7,596,412	18,062,721	29,208,014	1,557,305
Total receipts	389,908,798	732,291	8,449,595	3,014,927	157,738,858	11,855,553	164,917,873	35,391,398	7,790,909
Business receipts	359,793,137	662,152	7,665,838	2,809,993	149,180,180	11,434,256	161,780,356	33,531,398	7,242,101
Total deductions	397,520,581	876,744	9,594,021	3,130,347	154,933,796	11,955,306	164,241,815	36,358,151	7,871,575
Cost of sales and operations	271,372,629	414,835	4,651,384	2,520,726	99,952,238	7,217,796	141,908,332	11,715,850	3,907,477
Total receipts less total deductions	1,927,675	-144,452	-1,144,426	-115,420	3,705,062	-100,354	878,058	-966,763	-180,665
Net income (less deficit)	1,848,521	-144,452	-1,079,433	-113,023	3,802,606	-100,506	888,419	-1,224,816	-179,910
Net income	12,447,588	15,701	306,410	43,278	7,350,321	409,445	2,875,268	1,196,623	250,541
U.S. income subject to tax	10,706,827	12,195	186,655	33,205	6,713,801	388,643	2,514,770	701,451	156,108
Total U.S. income tax	4,848,504	4,661	94,868	14,567	3,082,203	174,684	1,133,952	287,892	55,678
Foreign tax credit	670,581	54,838	2,107	2,107	546,696	262	22,241	41,173	3,244
Other credits ²	759,389	1,450	5,253	4,092	520,287	89,809	101,260	27,850	9,388
Distributions to stockholders except in own stock	4,326,837	6,690	340,642	5,199	2,560,755	530,889	272,298	570,694	39,570
1984									
Number of returns, total	37,401	1,135	1,248	860	3,392	588	14,190	8,556	6,038
With net income	15,306	360	222	654	1,941	323	9,874	5,351	2,720
Total assets	552,597,884	1,453,269	29,079,013	2,516,860	218,192,377	11,064,996	80,214,577	196,908,108	13,103,545
Net worth	154,928,539	306,584	13,314,350	507,448	82,540,606	3,805,541	20,997,962	30,849,813	2,796,054
Total receipts	459,161,616	726,634	11,426,911	5,204,036	178,076,536	9,115,440	201,958,318	40,544,227	11,968,534
Business receipts	423,602,229	646,001	10,599,809	5,051,050	167,548,099	8,445,142	197,946,312	22,164,501	11,062,611
Total deductions	454,641,699	627,450	12,677,714	5,223,416	172,871,281	9,020,220	199,563,031	42,029,957	12,287,378
Cost of sales and operations	320,856,731	419,276	6,918,887	4,331,677	110,375,497	5,506,860	171,651,316	15,430,484	6,087,012
Total receipts less total deductions	4,519,917	-100,816	-1,250,802	-19,380	5,205,255	95,220	2,395,288	-1,485,730	-318,844
Net income (less deficit)	4,529,142	-100,816	-1,186,103	-17,357	5,296,604	95,175	2,431,063	-1,675,421	-314,729
Net income	15,355,593	39,582	564,615	30,372	8,185,582	311,784	4,331,475	1,270,412	355,783
U.S. income subject to tax	13,410,975	5,358	461,545	66,240	7,542,966	299,989	4,073,274	719,814	221,791
Total U.S. income tax	6,049,943	2,276	225,385	24,655	3,431,363	134,440	1,845,723	301,660	84,440
Foreign tax credit	788,054	—	132,834	377	559,079	350	51,190	43,468	766
Other credits ²	774,137	85	26,552	1,812	508,825	59,686	112,482	53,711	10,985
Distributions to stockholders except in own stock	3,322,147	—	143,940	2,812	1,829,312	203,689	507,582	582,633	52,179
1985									
Number of returns, total	36,877	964	1,015	1,060	4,011	464	13,580	11,149	4,066
With net income	15,882	378	136	729	1,971	254	9,846	5,348	2,420
Total assets	555,695,711	1,529,029	35,815,201	3,826,135	255,237,928	10,256,185	88,191,806	244,294,656	16,429,830
Net worth	178,092,635	388,368	18,005,764	590,323	93,026,306	3,608,870	22,035,571	36,626,281	3,800,961
Total receipts	513,777,962	914,939	13,442,356	5,236,279	202,466,147	10,310,044	227,402,547	41,304,815	12,886,424
Business receipts	473,892,926	846,151	12,265,454	4,909,201	191,084,504	9,574,611	222,926,133	21,000,275	11,276,376
Total deductions	510,954,054	997,436	14,731,593	5,255,393	199,705,816	10,211,032	225,331,607	41,986,577	13,006,308
Cost of sales and operations	357,519,673	623,699	8,435,910	4,312,400	127,010,566	6,513,273	192,793,740	11,678,130	6,147,448
Total receipts less total deductions	2,823,308	-62,496	-1,289,236	-29,114	2,760,332	99,012	2,370,880	-681,761	-319,884
Net income (less deficit)	2,978,286	-76,329	-1,238,326	-21,509	2,931,428	101,973	2,393,885	-790,997	-317,418
Net income	14,500,125	49,981	398,789	169,069	6,633,137	421,207	4,499,963	1,911,907	416,057
U.S. income subject to tax	11,426,043	24,791	234,693	78,979	5,401,714	391,333	3,964,105	1,037,017	295,419
Total U.S. income tax	5,152,493	10,210	114,946	30,758	2,466,796	178,452	1,785,942	442,409	122,891
Foreign tax credit	724,894	5,928	50,816	9,144	548,194	3,999	22,919	79,002	4,964
Other credits ²	851,452	1,675	4,678	5,559	564,756	31,565	158,415	59,375	25,430
Distributions to stockholders except in own stock	3,529,185	243	104,145	11,283	2,170,511	95,636	351,413	700,526	95,428

¹ Includes "Nature of business not allocable" which is not shown separately.² Includes U.S. possessions tax, investment, jobs, nonconventional source fuel, alcohol fuel, research activities, and employee stock ownership credits.³ Includes U.S. possessions tax, nonconventional source fuel, research activities, and general business credits.

NOTE: Detail may not add to totals because of rounding.

Table 5.—Foreign Corporations with Income Effectively Connected with a U.S. Business: Selected Income and Tax Items, by Industrial Division

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Year and item	All industrial divisions	Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1983									
Number of returns, total	8,001	237	372	62	118	109	268	6,320	466
With net income	2,272	56	134	6	33	25	121	1,755	133
Total receipts	20,793,723	67,418	241,775	349,754	903,790	804,918	1,305,306	18,719,636	397,307
Business receipts	5,477,256	60,870	196,585	336,048	695,807	785,939	1,259,393	1,686,356	252,778
Interest ²	13,566,811	1,012	2,120	4,597	1,380	3,122	20,137	13,531,423	2,832
Total deductions	21,882,107	91,972	314,755	363,545	947,308	1,095,392	1,351,183	17,276,053	439,278
Cost of sales and operations	3,723,239	26,138	65,429	326,950	735,779	515,884	1,068,394	69,783	69,783
Interest paid	13,459,582	19,010	24,485	10,688	30,408	44,081	43,138	13,246,255	41,155
Total receipts less total deductions	-1,088,383	-24,554	-72,981	-13,791	-43,518	-290,474	-45,876	-556,417	-41,971
Net income (less deficit)	-1,117,698	-24,617	-73,007	-13,791	-43,518	-290,474	-46,323	-584,186	-43,180
Net income	693,369	5,298	34,834	13,372	9,970	6,495	28,361	574,405	17,320
U.S. income subject to tax	468,995	1,222	28,262	13,100	4,430	4,540	20,427	383,713	9,986
Total U.S. income tax ³	182,806	325	14,714	5,989	1,735	7,764	8,523	138,720	3,513
Foreign tax credit	25,234	—	—	—	—	—	—	25,231	3
Other credits ⁴	5,129	6	1,111	1	984	42	234	972	1,780
Distributions to stockholders except in own stock	409,044	—	297,135	—	8,407	—	599	102,851	51
1984									
Number of returns, total	10,905	284	640	60	180	96	391	8,609	519
With net income	3,247	70	261	9	61	30	158	2,394	211
Total receipts	43,655,886	101,182	245,444	81,340	6,969,505	434,338	4,919,870	30,419,312	440,547
Business receipts	15,445,905	74,350	196,093	74,695	6,919,886	427,176	4,861,275	2,536,353	315,976
Interest ²	25,938,814	5,162	4,972	1,253	6,057	5,118	20,972	25,890,046	4,880
Total deductions	45,003,619	138,400	351,704	104,072	6,672,472	520,269	4,921,539	31,714,830	499,151
Cost of sales and operations	12,552,248	48,650	108,856	84,226	5,826,292	419,824	4,234,797	1,683,971	134,348
Interest paid	24,790,699	31,386	31,426	3,810	63,133	9,331	67,328	24,534,015	45,928
Total receipts less total deductions	-1,347,733	-37,218	-136,260	-22,732	297,033	-85,931	-1,669	-1,295,518	-58,605
Net income (less deficit)	-1,513,345	-37,270	-137,069	-22,732	297,033	-85,931	-3,666	-1,457,087	-59,251
Net income	1,342,116	11,102	21,728	2,985	402,657	6,880	83,171	794,820	17,798
U.S. income subject to tax	902,277	8,065	4,081	280	387,203	6,353	67,562	415,110	12,952
Total U.S. income tax ³	393,179	2,329	2,078	57	177,688	6,117	29,746	170,209	4,764
Foreign tax credit	59,042	—	—	—	—	—	—	59,039	2
Other credits ⁴	16,994	74	141	—	14,005	154	336	2,008	276
Distributions to stockholders except in own stock	127,667	181	4,750	—	22,790	—	23,316	75,911	720
1985									
Number of returns, total	11,693	311	587	80	201	126	452	9,334	489
With net income	3,571	91	203	32	50	40	176	2,778	159
Total receipts	50,908,814	85,047	297,577	126,272	1,915,837	1,288,164	8,439,904	37,999,920	566,974
Business receipts	20,274,675	72,207	352,839	110,467	1,880,770	1,218,017	8,403,821	7,804,241	350,752
Interest ²	27,199,483	2,149	2,404	2,556	7,737	4,507	7,512	27,152,163	19,580
Total deductions	51,826,117	127,496	513,413	161,604	1,940,231	1,609,041	8,526,743	38,354,389	607,832
Cost of sales and operations	15,032,230	37,389	176,849	102,081	1,560,796	809,659	7,827,948	4,304,043	146,001
Interest paid	25,719,467	21,408	33,678	5,771	37,567	75,962	51,379	25,437,555	53,758
Total receipts less total deductions	-1,017,303	-42,449	-115,836	-35,333	-24,393	-320,877	-86,839	-354,470	-40,959
Net income (less deficit)	-1,486,684	-42,486	-115,875	-35,343	-24,402	-320,877	-87,610	-419,204	-41,766
Net income	1,783,685	6,916	31,265	3,701	70,093	11,144	84,714	1,557,517	29,313
U.S. income subject to tax	1,024,616	719	25,507	1,856	65,280	10,610	53,117	840,607	18,907
Total U.S. income tax ³	435,079	139	11,741	818	29,626	7,440	23,473	353,637	5,575
Foreign tax credit	65,156	—	—	—	—	—	—	65,123	32
Other credits ⁴	7,996	25	1,244	164	1,605	149	670	3,972	166
Distributions to stockholders except in own stock	42,957	—	4,896	—	—	—	1,389	36,671	—

Domestic Corporations Controlled by Foreign Persons, 1987

By James R. Hobbs*

For 1987, the 45,000 domestic corporations each "controlled" by a foreign "person" generated \$687 billion of worldwide receipts and reported total assets amounting to \$959 billion [1]. These corporations, 1 percent of the U.S. total, accounted for over 7 and 6 percent of the receipts and assets, respectively, reported on U.S. corporation income tax returns. Figure A shows that foreign-controlled domestic corporations accounted for an increasingly higher percentage of the receipts and assets of all corporations during the 1984-1987 period.

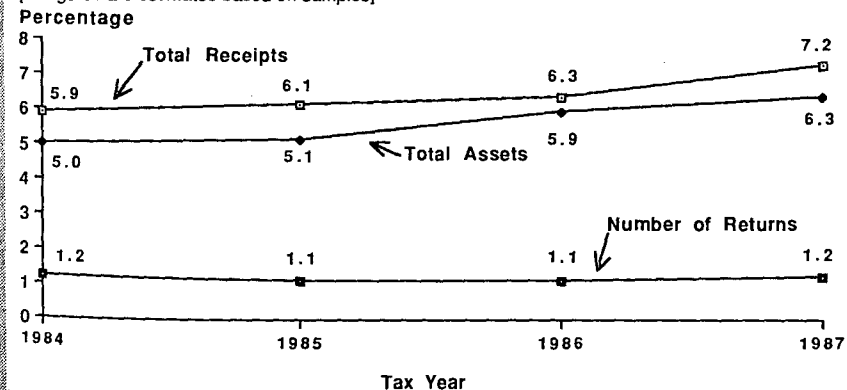
The net income (less deficit) for foreign-controlled domestic corporations was \$5.6 billion for 1987, the highest amount reported for recent years and in sharp contrast to the net negative amount of \$1.5 billion reported for 1986, which was the lowest amount reported for the same years. Most of this increased profit occurred in the manufacturing sector.

Domestic corporations controlled by persons from Japan had total receipts of \$185 billion for 1987,

Figure A

Domestic Corporations Controlled by a Foreign Person as a Percentage of All Corporations, 1984-1987

[All figures are estimates based on samples]



*Assistant Chief, Foreign Statistics Branch. Prepared under the direction of Daniel Skelly, Chief, Foreign Statistics Branch.

a 33 percent increase over the 1986 amount. The amount for Japan was far larger than the receipts representing any other country. The receipts for U.S. companies controlled by persons in the United Kingdom remained in second place with \$103 billion, followed by the Netherlands (\$77 billion), West Germany (\$63 billion), and Canada (\$52 billion).

DIRECT FOREIGN INVESTMENT IN THE UNITED STATES

Direct foreign investment in the United States can take several forms, including corporations, partnerships, and joint ventures. Under these forms of direct investment, the foreign investor has sufficient equity in the enterprise so as to control and participate in managing its operations [2].

A foreign direct investor can either gain control of an existing U.S. corporation, or create a new company incorporated in the United States. Another method of operating in the United States is through a branch of a foreign corporation. This article focuses on domestic corporations (i.e., companies incorporated in the United States) that are controlled (i.e., majority owned) by a foreign person [3]. (See the "Explanation of Selected Terms" section of this article for a description of foreign persons.) A separate article will be published in a future issue of the *Statistics of Income Bulletin* covering branch operations of foreign corporations with income "effectively connected" with a U.S. trade or business.

There are several factors involved in the decision of a foreign investor to operate in the United States through either a "domestic" or "foreign" corporation [4]. The U.S. tax structure is one of these factors and it is discussed next in this article for foreign-controlled domestic corporations.

U.S. TAXATION

Domestic corporations controlled by a foreign person are taxed by the United States in a manner similar to that of other domestic corporations. Control is defined for this purpose as 50 percent or more direct or indirect ownership of a corporation's voting stock by a foreign entity, such as a foreign corporation.

For 1987, only 8 percent (3,388 returns) of the 44,862 returns of foreign-controlled domestic corporations indicated an exact 50-percent foreign ownership level. The great majority (84 percent, or

37,519 returns) indicated that the level of ownership was over 50 percent. Another 3,955 returns (9 percent) indicated only that foreign ownership was 50 percent or more, but failed to provide the exact percentage of ownership [5]. All of these companies are included in the statistics.

Most domestic corporations are taxed on their worldwide income [6]. This includes corporations that are controlled by foreign persons. In general, the taxable income of a corporation is its gross receipts less ordinary and necessary business deductions and certain statutory special deductions. This income is shown in the statistical tables of this article under the heading "U.S. Income Subject to Tax." Taxable income includes both actual receipts and "constructive" receipts (i.e., certain income from Controlled Foreign Corporations and foreign dividend income resulting from foreign taxes deemed paid). However, it excludes interest from State and local Government obligations [7].

Unfortunately, the tax return form which is the source of the statistics in this article does not separate U.S.-source taxable income from foreign-source taxable income, although foreign-source income had to be reported by corporations which claimed a foreign tax credit (see the section entitled "Data Sources and Limitations"). The foreign tax credit is a credit allowed against U.S. income tax for income, war profits and excess profits taxes paid or accrued to foreign countries or U.S. possessions. To claim a foreign tax credit, a corporation had to have generated foreign-source taxable income, paid or accrued foreign income tax on the income, and had a U.S. income tax liability.

Foreign-controlled domestic corporations claimed \$660 million of foreign tax credits for 1987. This amount reduced their total U.S. income tax before credits (\$5.7 billion) by 12 percent. In contrast, the approximately 3.6 million U.S. corporation income tax returns showed a total of \$20.8 billion of foreign tax credits for 1987. This amount reduced their total U.S. income tax before credits (\$118.5 billion) by almost 18 percent [8].

The Tax Reform Act of 1986 changed the regular corporate tax rates, effective on July 1, 1987 [9]. The revised rates were used for tax years beginning on or after this date. For tax years that included July 1, 1987, both the old and new tax rates were applied to taxable income, and the tax was the result of prorating

the two figures based on where July 1 fell within the accounting period. Because the statistics used for 1987 represent corporate returns with accounting periods that ended between July 1987 and June 1988 (and, thus, began as early as August 1986 for a 12-month period), the income tax amounts were calculated based on a mix of both the old and revised tax rates.

For the period occurring before July 1, 1987, the regular corporate tax rates were as follows:

Taxable income	Tax rate
\$25,000 or less	15%
\$25,001 to \$50,000	18%
\$50,001 to \$75,000	30%
\$75,001 to \$100,000	40%
Over \$100,000	46%

If a corporation's taxable income exceeded \$1 million, then the corporation was liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over \$1 million, or (b) \$20,250.

For the period occurring on July 1, 1987, and thereafter, the corporate tax rates were changed to:

Taxable income	Tax rate
\$50,000 or less	15%
\$50,001 to \$75,000	25%
Over \$75,000	34%

If a corporation's taxable income exceeded \$100,000, then the corporation was liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over \$100,000, or (b) \$11,750.

For corporations with tax years that began before July 1, 1987, and had net long-term capital gains, an alternative method of tax computation could be used if it produced a lower amount of tax than under the regular method. Under the alternative method, net long-term capital gains were taxed separately at a rate of 28 percent (34 percent for the period January 1, 1987, to July 1, 1987). The remainder of taxable income was then taxed at the regular rates. Under the Tax Reform Act of 1986, for tax years beginning on or after July 1, 1987, the alternative tax computation did not apply; corporate long-term capital gains were taxed as ordinary income.

The 1986 Act created an alternative minimum tax (AMT). Capital gains of corporations were included in the base of this tax (i.e., alternative minimum taxable income). The AMT became effective for tax years beginning after December 31, 1986.

Credits could be used to reduce the tax calculated under either the regular or alternative methods. For Tax Year 1987, the two largest credits used by foreign-controlled domestic corporations were the foreign tax credit (previously described) and the general business credit. The latter credit (\$381 million claimed for 1987) is a combination of several individual credits -- investment credit, jobs credit, alcohol fuel credit, research credit, and low-income housing credit. The Tax Reform Act of 1986 made changes to several of these credits. Other credits claimed by taxpayers for 1987 were the U.S. possessions tax, orphan drug, and nonconventional source fuel credits. In addition to the regular or alternative tax after credits, a corporation's tax liability could include a tax from recomputing prior-year investment credits, an alternative minimum tax, and an environmental tax. The environmental tax (\$17 million for Tax Year 1987 for foreign-controlled domestic corporations) was authorized by the Superfund Amendments and Reauthorization Act of 1986.

Dividends paid by domestic corporations to the foreign persons that controlled them were generally subject to a withholding tax of 30 percent. However, this tax rate was often lower than 30 percent, for recipients of dividends who resided in a foreign country which had a tax treaty with the United States. The tax withheld represented final payment of the actual tax liability on dividend payments in most instances [10].

Dividends paid by foreign-controlled domestic corporations to U.S. persons were not subject to the withholding tax applicable to foreign recipients. However, these dividend payments did have to be reported to the Internal Revenue Service (IRS) by the corporations. In turn, these dividends were reported as income, and taxed accordingly, on the recipient's U.S. income tax return.

REVENUE RECONCILIATION ACT OF 1989

The Revenue Reconciliation Act of 1989 amended Internal Revenue Code section 6038A to strengthen the recordkeeping and information reporting requirements, and compliance provisions, applicable to

foreign-owned corporations. The group of corporations subject to Code section 6038A was expanded by the Act to include domestic or foreign corporations engaged in a U.S. trade or business with at least 25 percent foreign ownership. Previously, the threshold for application of Code section 6038A was 50 percent ownership by a single foreign person.

The provisions of the 1989 Act apply to tax years beginning after July 10, 1989. These provisions do not affect the data for 1987 shown in this article. In addition, it should be noted that the information reported in this article is derived from original returns filed with IRS. It does not include changes made by IRS resulting from audit examinations, or made by taxpayers through amended returns.

RAPID GROWTH

Foreign direct investment in the United States through foreign-controlled domestic corporations grew substantially during the 1984-1987 period (see Figure A).

Worldwide receipts of domestic corporations controlled by foreign persons increased from \$459 billion for 1984 to \$687 billion for 1987, a 50 percent increase using current dollars. (Adjusting for inflation through the use of the Gross National Product Implicit Price Deflator, these receipts increased by 36 percent [1.1].) In comparison, worldwide receipts reported on all U.S. corporation income tax returns grew from \$7.9 trillion for 1984 to \$9.6 trillion for 1987, a 22 percent increase (in current dollars) over the same time period. As a result of the rapid growth rate of foreign-controlled domestic corporations, their share of the receipts reported on all corporate returns increased from 5.9 percent for 1984 to 7.2 percent for 1987.

The growth of foreign-controlled domestic corporations can also be measured from the early 1970's. For 1971, these companies had \$39 billion of worldwide receipts, just 2.1 percent of the \$1.9 trillion reported for all corporations. For 1987, this percentage had grown to 7.2 percent.

Total assets of domestic corporations controlled by a foreign person grew at an even faster rate than that for receipts. Between 1984 and 1987, their assets increased from \$553 billion to \$959 billion, a 74 percent increase. During this period, their share of the assets reported on all U.S. corporation income

tax returns grew from 5.0 percent to 6.3 percent. For 1971, these companies had reported \$37 billion of assets, just 1.3 percent of the total.

Figure B also shows the more rapid growth of foreign-controlled domestic corporations as compared to U.S.-controlled domestic companies. During the period 1979 to 1987, the assets and receipts of the foreign-controlled companies grew more than three times faster than those of other domestic corporations.

The number of returns of foreign-controlled domestic corporations jumped to nearly 45,000 for 1987, after remaining relatively constant at roughly 37,000 for the 3 previous years [12]. However, despite the 1987 increase, returns of these companies comprised a constant percentage of all U.S. corporation income tax returns, about 1.2 percent for the 1984-1987 period.

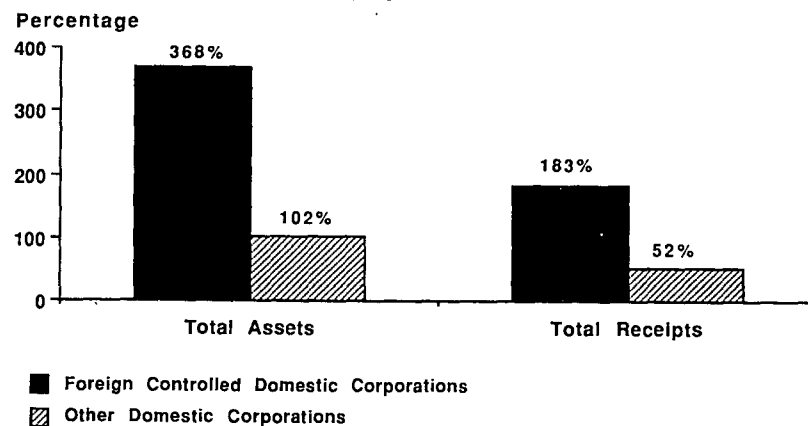
It should be noted that foreign-controlled domestic corporations are considerably larger, on average, than other companies. Using 1987 data, while these companies accounted for only 1.2 percent of the total returns filed by corporations, they comprised 7.2 and 6.3 percent of the total receipts and assets, respectively. Percentages for these three items had similar magnitudes for 1984 through 1986, as well as back to 1971 (0.3, 2.1, and 1.3 percent for number of returns, total receipts, and total assets, respectively).

INDUSTRY CHARACTERISTICS

Foreign-controlled domestic corporations were involved in every type of industrial activity, but were concentrated mainly in two industrial divisions: manufacturing and wholesale and retail trade (see Table 1) [13]. For 1987, these two divisions accounted for over 83 percent of the total receipts reported by all domestic corporations owned by a foreign person. By comparison, this percentage was higher than that for all companies which filed U.S. corporation income tax returns. For these returns for 1987, the manufacturing and wholesale and retail trade industrial divisions accounted for 62 percent of the total receipts.

Domestic corporations controlled by a foreign person were involved in the manufacture of many different products. Table 1A shows selected data for those manufacturing industries which had \$10 billion

Figure B
Growth of Domestic Corporations, 1979-1987
[All figures are estimates based on samples]



or more of total receipts for 1987. Chemical manufacturers had receipts totalling \$55 billion for 1987. This amount was a 36 percent increase over that for 1986, and accounted for 21 percent of all receipts for manufacturing industries. Companies manufacturing petroleum and coal products (including integrated operations) had another \$54 billion of total receipts. In terms of total receipts, other significant manufacturing activities were electrical and electronic equipment (\$28 billion), food and kindred products (\$25 billion), nonelectrical machinery (\$12 billion), primary metals (\$12 billion), and fabricated metal products (\$11 billion).

The manufacturing industrial division showed a large increase in profits for 1987, with the combined net income (less deficit) increasing from a net deficit of \$600 million for 1986 to a net income of \$5.9 billion for 1987. Chemical and petroleum manufacturers were primarily responsible for these increased profits, as shown in Table 1A. Manufacturers of food and kindred products, fabricated metal products, and nonelectrical machinery also showed substantially increased profits for 1987.

The wholesale and retail trade industrial division had a 34 percent increase in total receipts for 1987, amounting to \$305 billion. Of this total, \$218 billion came from companies classified in the miscellaneous wholesale trade industry, which includes the distribution of the following products:

- Alcoholic beverages
- Apparel, piece goods, and notions
- Chemicals and allied products
- Drugs, drug proprietaries, and druggists' sundries
- Electrical goods
- Farm-product raw materials
- Furniture and home furnishings
- Hardware, plumbing, and heating equipment and supplies
- Lumber and construction materials
- Metals and minerals, except petroleum and scrap
- Motor vehicles and automotive equipment
- Paper and paper products
- Petroleum and petroleum products
- Sporting, recreational, photographic, and

hobby goods, toys, and supplies
Other nondurable goods, except groceries and related products
Other durable goods, except machinery, equipment, and supplies

Many of these companies were U.S. distributors of products made in foreign countries by their parent corporations.

The comparative levels of assets and receipts of foreign-owned companies primarily engaged in wholesale and retail trade and those engaged in finance, insurance and real estate differed significantly. Trade companies produced large amounts of receipts (\$305 billion for 1987) with relatively small amounts of assets (\$131 billion). Stated another way, this amounted to \$2.34 of receipts for

each dollar of assets. On the other hand, companies involved in finance, insurance and real estate had large amounts of assets (\$371 billion for 1987), but only \$61 billion of receipts. These companies produced less than \$0.17 of receipts for each dollar of assets.

Foreign-controlled domestic corporations accounted for 7.2 percent of the \$9.6 trillion of worldwide receipts reported by all companies filing U.S. income tax returns for 1987. These companies played important roles in certain industries, as shown in Figure C. In particular, foreign-controlled domestic corporations in the mining, wholesale and retail trade, and manufacturing industrial divisions accounted for 12.3, 11.0, and 8.5 percent, respectively, of the receipts of all companies classified in their divisions.

Figure C.—Domestic Corporations Controlled by a Foreign Person as a Percentage of All Corporations, Total Receipts, by Selected Major Industry, 1984-1987

[All figures are estimates based on samples—money amounts are in millions of dollars]

Selected major industry	1987 total receipts			Total receipts as a percentage of all receipts for—		
	All U.S. corporation income tax returns	Returns of domestic corporations controlled by a foreign person	Percentage of all returns	1986	1985	1984
	(1)	(2)	(3)	(4)	(5)	(6)
All Industries¹	\$9,580,721	\$686,788	7.2%	6.3%	6.1%	5.8%
Agriculture, forestry and fishing	77,057	1,190	1.5	0.9	1.3	1.1
Mining, total	96,806	11,935	12.3	12.4	9.5	9.3
Metal mining	9,287	592	6.4	9.6	11.6	10.0
Coal mining	18,539	2,536	14.2	16.1	19.0	10.2
Oil and gas extraction	55,883	7,215	12.7	11.8	7.5	9.2
Nonmetallic minerals, except fuels	12,087	1,492	12.3	10.8	9.3	7.3
Construction	454,831	6,211	1.4	1.5	1.4	1.5
Manufacturing, total	3,141,406	265,644	8.5	7.6	7.2	6.4
Food and kindred products	343,867	25,070	7.3	5.7	6.0	4.3
Tobacco manufactures	54,404	9,593	17.6	18.4	22.8	23.1
Textile mill products	52,875	2,151	4.1	2.9	3.2	3.4
Apparel and other textile products	64,493	1,471	2.3	1.6	1.6	1.4
Lumber and wood products	85,584	4,987	5.8	2.9	2.0	0.6
Furniture and fixtures	36,500	890	1.9	1.8	2.0	1.3
Paper and allied products	100,149	3,949	3.9	3.4	4.4	4.8
Printing and publishing	139,364	9,747	7.0	5.6	5.7	4.9
Chemicals and allied products	306,409	55,100	18.0	14.0	11.6	11.4
Petroleum (including integrated) and coal products	396,218	53,520	13.5	11.4	11.0	10.8
Rubber and miscellaneous plastics products	67,640	5,801	8.6	7.7	6.6	5.2
Leather and leather products	14,912	3,268	21.9	21.8	11.1	2.0
Stone, clay, and glass products	63,136	7,899	12.5	13.4	13.4	14.3
Primary metal industries	117,290	12,208	10.4	8.8	10.8	5.7
Fabricated metal products	169,954	11,466	6.7	6.8	6.7	7.3
Machinery, except electrical	241,396	12,329	5.1	4.1	4.5	4.4
Electrical and electronic equipment	260,694	28,195	10.8	9.8	6.1	5.8
Motor vehicles and equipment	360,336	6,325	1.8	3.0	2.9	0.4
Transportation equipment, except motor vehicles	137,055	1,057	0.8	0.6	0.6	0.6
Instruments and related products	67,808	6,514	9.6	8.9	6.5	6.5
Miscellaneous manufacturing and manufacturing not allocable	61,218	4,303	7.0	8.7	7.5	6.1
Transportation and public utilities	786,179	15,120	1.9	1.6	1.3	1.3
Wholesale and retail trade, total	2,766,717	305,211	11.0	9.0	9.2	15.7
Wholesale trade, total	1,337,359	252,222	18.9	15.9	16.2	6.8
Groceries and related products	191,834	10,779	5.6	5.8	5.3	13.5
Machinery, equipment, and supplies	132,496	23,294	17.6	15.7	14.5	17.6
Miscellaneous wholesale trade	1,012,929	218,149	21.5	17.9	18.5	1.1
Retail trade	1,422,714	52,075	3.7	2.8	2.4	1.1
Wholesale and retail trade not allocable	6,644	914	13.8	1.2	6.6	3.9
Finance, insurance, and real estate	1,589,218	61,307	3.9	4.2	3.5	2.4
Services	663,133	19,841	3.0	2.1	2.4	2.4

¹ Includes "Nature of business not allocable," which is not shown separately.

NOTE: This figure includes all major industries of those industrial divisions in which foreign-controlled domestic corporations accounted for 5 percent or more of the corporate totals. Only the totals for the other industrial divisions are shown.

There were two major industries (leather manufacturing and miscellaneous wholesale trade) in which foreign-controlled domestic corporations produced over 20 percent of the receipts for their industries. The percentage in the leather manufacturing industry jumped from only 2 percent for 1984 to nearly 22 percent for 1987. By comparison, the percentage for the miscellaneous wholesale trade industry was substantial during the entire 1984-1987 period.

Domestic companies owned by a foreign person comprised significant portions of several other industries for 1987. These included chemical manufacturers (18 percent of total receipts), tobacco manufacturers (17.6 percent), and wholesalers of machinery, equipment, and supplies (17.6 percent).

As Figure D shows, different industries can have very different levels of profitability, as percentages of their total receipts. For the 1983-1987 period,

foreign-controlled domestic manufacturing companies had profits that were 1.7 percent of their total receipts, while the percentages for trade companies and finance and insurance corporations were 0.7 and -0.3 percent, respectively. For each of the three industry groups, other corporations had substantially higher profit percentages than the foreign-controlled companies.

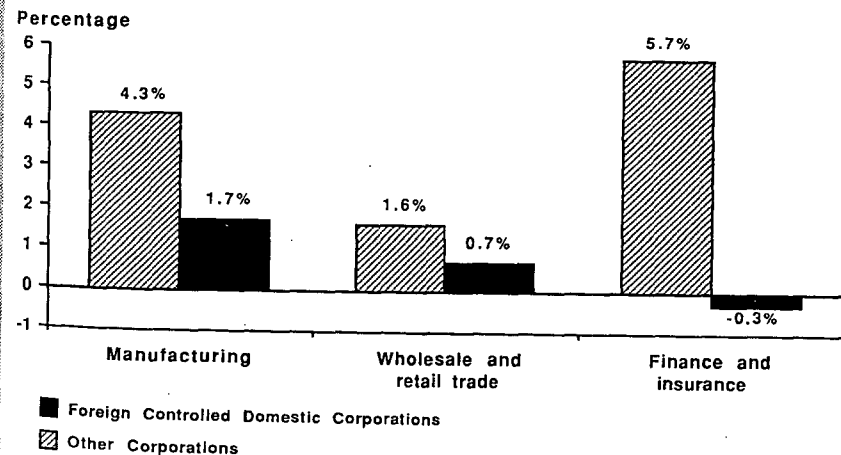
COUNTRY CHARACTERISTICS

Domestic corporations are owned by persons throughout the world. However, for 1987, owners from the seven countries shown in Table 2 controlled 53 percent of the 44,862 domestic corporations controlled by a foreign person. (The countries represent the geographic location of the direct foreign owner's country of residence, incorporation, organization, creation, or administration. Because holding companies located in other countries may directly own the stock of U.S. affiliates, the country reported on

Figure D

Net Income (Less Deficit) as a Percentage of Total Receipts, 1983-1987

[All figures are estimates based on samples]



the tax return may not necessarily reflect the country of the ultimate parent.) The 23,759 corporations owned by persons from these seven countries accounted for 78 and 75 percent of the total receipts and assets, respectively, of all foreign-controlled domestic corporations.

Domestic corporations controlled by persons from Japan had worldwide receipts of \$185 billion for 1987, an amount far larger than the receipts representing any other country. Japan also had the largest amount of receipts for the 1983-1986 period. Domestic corporations controlled by persons from the United Kingdom had the second largest amount of receipts during the 1983-1987 period.

The worldwide receipts of domestic corporations controlled by a foreign person increased by 27 percent between 1986 and 1987. For corporations with owners from the seven countries shown in Table 2, the growth rates varied widely. Corporations owned by persons from the Netherlands Antilles showed increases in total receipts of 61 percent. Percentage increases for France (36 percent), Japan (33 percent), Canada (28 percent), the United Kingdom (23 percent), and West Germany (18 percent) were close to the 27-percent average for all countries. Corporations owned by persons from the Netherlands (8 percent) had smaller-than-average increases in receipts for 1987.

The percentage increases for countries over a 1-year period can be very different from those for a longer period of time, such as from 1984 to 1987. Figure E illustrates the differences for the seven countries previously discussed. For instance, while the Netherlands Antilles had the largest 1-year percentage increase, three other countries had larger increases over the 1984-1987 period. One of these countries, West Germany, had the largest percent-

Figure E.—Percentage Increases of Total Receipts of Domestic Corporations Controlled by a Foreign Person, by Selected Countries, 1984-1987

(All figures are estimates based on samples)

Selected country	Percentage increase of total receipts between—	
	1986 and 1987	1984 and 1987
All countries	27%	50%
Netherlands Antilles	61	54
France	36	34
Japan	33	64
Canada	28	63
United Kingdom	23	34
West Germany	18	72
Netherlands	8	8

age increase over the 3-year period, although its 18 percent increase between 1986 and 1987 was less than the average for all countries.

INDUSTRY AND COUNTRY COMBINATIONS

Figure F shows selected data items for the predominant industry-country combinations for domestic corporations controlled by a foreign person. This figure shows only those combinations in which companies comprised \$5 billion or more of total receipts for 1987, in order of decreasing size of receipts.

The 23 combinations shown in Figure F accounted for nearly 50 percent of the \$687 billion of receipts generated by foreign-controlled domestic corporations for 1987. One industry-country combination, namely miscellaneous wholesalers owned by Japanese persons, produced almost 20 percent of the total receipts. This was far larger than any other combination, with petroleum manufacturers owned by persons from the Netherlands being the second largest combination with 4 percent of the total. Japanese miscellaneous wholesalers increased their total receipts from \$100 billion for 1986 to \$136 billion for 1987, a 36 percent increase.

The 44,862 foreign-controlled domestic corporations had a total U.S. income tax liability after credits of \$4.6 billion on their \$687 billion of worldwide receipts, a 0.7 percentage. This percentage varied among the 23 predominant industry-country combinations, ranging from a low of 0.03 percent for electrical and electronic equipment manufacturers owned by persons from the Netherlands, to a high of 2.3 percent for tobacco manufacturers owned by persons from the United Kingdom.

The 0.7 (or more specifically, 0.664) percentage for foreign-controlled domestic corporations is somewhat less than the average for other companies. By comparison, for 1987, other domestic corporations filing U.S. income tax returns reported a total U.S. income tax liability of \$80 billion after credits on \$7.7 trillion of worldwide receipts, a 1.041 percentage.

INCOME STATEMENT AND TAX ITEMS

Over 92 percent of the \$687 billion in total receipts reported by domestic corporations controlled by a foreign person consisted of "business receipts" (i.e., receipts from sales and operations). Interest income

Figure F.—Domestic Corporations Controlled by a Foreign Person: Selected Items, by Selected Industry and Country Combinations Ranked by Total Receipts, 1987

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Industry and country	Number of returns	Total receipts	Total U.S. income tax after credits	Percentage (Col. 3 / Col. 2)	
(1)	(2)	(3)	(4)		
All industries	44,862	\$686,785,812	\$4,581,221	0.7%	
Miscellaneous wholesale trade	1,520	136,245,091	618,638	0.5	
Manufacturing: petroleum (including integrated and coal products)	(1)	28,791,615	16,781	0.1	
Manufacturing: petroleum (including integrated and coal products)	United Kingdom	7	16,334,666	306,921	1.9
Wholesale trade, machinery, equipment, and supplies	Japan	246	12,573,999	43,859	0.3
Miscellaneous wholesale trade	West Germany	728	12,548,706	16,685	0.1
Manufacturing: chemicals and allied products	West Germany	52	10,718,195	126,876	1.2
Manufacturing: chemicals and allied products	Netherlands	16	9,492,342	82,252	0.9
Manufacturing: tobacco	(1)	9,456,987	213,356	2.3	
Manufacturing: chemicals and allied products	United Kingdom	12	9,190,659	143,631	1.6
Miscellaneous wholesale trade	United Kingdom	368	8,741,907	122,250	1.4
Holding and other investment companies, except bank holding companies	United Kingdom	251	8,590,954	96,605	1.1
Miscellaneous wholesale trade	France	567	7,256,076	23,867	0.3
Manufacturing: electrical and electronic equipment	Japan	53	7,252,965	60,963	0.8
Manufacturing: electrical and electronic equipment	Netherlands	10	6,756,307	1,905	(2)
Manufacturing: food and kindred products	United Kingdom	11	6,725,692	28,585	0.4
Retail trade: food stores	West Germany	(1)	6,577,557	15,464	0.2
Manufacturing: petroleum (including integrated and coal products)	Netherlands Antilles	43	6,320,775	4,933	0.1
Manufacturing: chemicals and allied products	Switzerland	44	6,094,542	48,514	0.8
Miscellaneous wholesale trade	Canada	272	6,019,823	23,231	0.4
Miscellaneous wholesale trade	South Korea	47	5,591,627	27,121	0.5
Miscellaneous wholesale trade	Netherlands Antilles	134	5,314,526	12,542	(1)
Manufacturing: chemicals and allied products	Netherlands Antilles	3	5,099,528	19,144	0.4
Miscellaneous wholesale trade	Switzerland	222	5,009,528	42,475	0.8

¹ Estimate is not shown to avoid disclosure of information.

² Percentage is less than 0.05 but greater than zero.

³ Estimate should be used with caution because of the small number of sample returns on which it is based.

Note: This figure includes only those industry-country combinations which had \$5 billion or more of total receipts for 1987.

of \$28.2 billion accounted for an additional 4 percent of the total, with banks producing the largest part (\$11.9 billion). (Briefly, banking items such as fees, commissions, trust department earnings, exchange collections, discounts, and service charges were included in business receipts. Interest, the principal operating income of banks, is excluded from business receipts.)

These same domestic companies claimed \$681 billion in deductions for 1987. Cost of sales and operations was \$482 billion, or 71 percent of the total [14]. Interest paid (\$36 billion, including \$8 billion paid mostly to depositors by banks) and depreciation (\$20 billion) accounted for 5 and 3 percent, respectively, of the total deductions. The percentages for interest paid and depreciation are very similar to those for all corporations which filed U.S. income tax returns (6 and 3 percent, respectively).

For 1987, the percentage of cost of sales and operations to total receipts was considerably higher for foreign-controlled domestic corporations whose principal business activity was trade than it was for other trade companies (see Figure G). For manufacturers, the percentage for foreign-controlled domestic corporations and other companies was very close.

Figure G.—Cost of Sales and Operations as a Percentage of Total Receipts, 1987

(All figures are estimates based on samples—money amounts are in millions of dollars)

Foreign-controlled domestic corporations:	
Manufacturing:	
Total receipts	\$265,644
Cost of sales and operations	172,370
Percentage	64.89%
Wholesale and retail trade:	
Total receipts	\$305,211
Cost of sales and operations	256,099
Percentage	83.91%
Other corporations:	
Manufacturing:	
Total receipts	\$2,875,763
Cost of sales and operations	1,862,449
Percentage	64.78%
Wholesale and retail trade:	
Total receipts	\$2,461,506
Cost of sales and operations	1,820,367
Percentage	73.95%

The net income (less deficit) for foreign-controlled domestic corporations was \$5.6 billion for 1987, the highest amount reported for recent years and considerably different from the net negative amount of \$1.5 billion reported for 1986, which was the lowest amount reported for recent years [15]. Most of this increased profit occurred in manufacturing. In particular, integrated petroleum manufacturers, as well as manufacturers of chemicals, food, non-electrical machinery, primary metals, and fabricated metal products showed higher profits (as computed under the Internal Revenue Code) for 1987.

The \$5.6 billion of net income (less deficit) was the result of 18,466 corporations reporting \$19.8 billion of profits and 26,396 companies reporting \$14.2 billion of deficits [16]. Thus, only 41 percent of the domestic corporations with foreign owners reported a profit for 1987. By comparison, 55 percent of all corporations filing U.S. income tax returns for 1987 reported profits which totalled \$465 billion. The deficits for all corporations were \$137 billion, resulting in a net income (less deficit) amount of \$328 billion. The percentages of corporations reporting a profit for 1987 were similar to those for the 1984-1986 period (see Figure H).

It is instructive to compare amounts of net income (less deficit) and total income tax after credits to total assets and receipts, for both foreign-controlled domestic corporations and other domestic corporations. The four ratios shown in Figure I are all lower for foreign-controlled domestic corporations than the comparable ratios for other domestic companies. Using total income tax after credits as the numerator, as opposed to net income (less deficit), produces a smaller difference between the ratios for the two groups of companies. This reflects the fact that while only 41 percent of foreign-controlled

domestic corporations reported net income, these companies had significant amounts of profits, which resulted in considerable amounts of tax after credits. On the other hand, 59 percent of these companies reported significant amounts of deficits, which could be carried back or forward, under prescribed rules, to reduce taxable income for other years.

The percentage of before-tax net income (less deficit) compared to total assets is commonly referred to as the rate of return on assets. For 1987, foreign-controlled domestic corporations had a 0.58 percent rate of return as compared to a 1.86 percent rate for other domestic companies. Figure J shows that a similar difference occurred for every year since 1981. The rates may reflect certain transfer pricing practices of foreign-controlled domestic corporations that buy goods and services from related persons outside the United States. These practices help determine the amounts of their expenses and, as a result, their income [17].

For 1987, profitable foreign-controlled domestic corporations had \$14.5 billion of "U.S. income subject to tax" (the base on which tax was computed), resulting in tax before credits of \$5.7 billion [18]. The

Figure I.—Comparative Rates of Net Income (Less Deficit) and Taxes to Total Assets and Receipts, for Foreign-Controlled and Other Domestic Corporations, 1987

[All figures are estimates based on samples—money amounts are in billions of dollars]

Item	Domestic corporations controlled by a foreign person	Other domestic corporations
Number of returns.....	44,862	2,419,978
Total assets.....	\$959.4	\$12,834.8
Total receipts.....	686.8	7,673.0
Net income (less deficit).....	5.6	239.0
Net income.....	19.9	337.3
Deficit.....	14.2	98.3
Total income tax after credits.....	4.6	79.9
Net income (less deficit) to total receipts.....	0.82%	3.11%
Net income (less deficit) to total assets.....	0.58	1.86
Total income tax after credits to total receipts.....	0.67	1.04
Total income tax after credits to total assets.....	0.46	0.62

difference between the \$19.8 billion of profit (or net income) and \$14.5 billion of income subject to tax was the result of statutory special deductions. These deductions were allowed most corporations in computing their taxable income and were for "net operating losses" from other years and deductions for both intercorporate dividends received and for dividends on certain preferred stock of public utilities. See the "Explanation of Selected Terms" section of this article for a discussion of net operating losses.

Tax credits totalling \$1.1 billion reduced the U.S. tax liability of foreign-owned domestic corporations to \$4.6 billion for 1987. The largest credits claimed were \$660 million of foreign tax credits and \$381 million of general business credits. The other credits were the U.S. possessions tax credit (\$73 million), and small amounts of orphan drug and nonconventional source fuel credits. The \$4.6 billion of total U.S. income tax after credits represents the tax liability as reported by taxpayers. However, it does not include any changes made by taxpayers through amended returns or by the IRS as a result of audit examination.

SUMMARY

Direct foreign investment in the United States through corporations continued to grow at a relatively fast rate for 1987. While worldwide receipts reported on all U.S. corporation income tax returns increased by 10.5 percent (using current dollars) for 1987, receipts of domestic corporations controlled by foreign persons increased by 26.6 percent.

Foreign-controlled domestic corporations generated approximately 83 percent of their total

Figure H

Percentage of Corporation Returns Reporting Net Income, 1984-1987
[All figures are estimates based on samples]

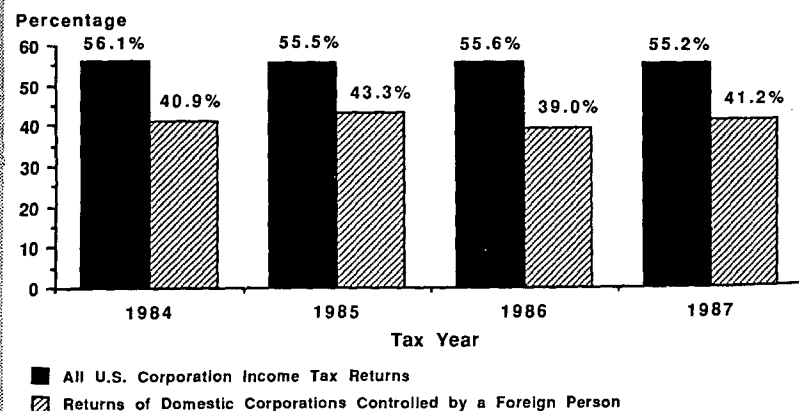
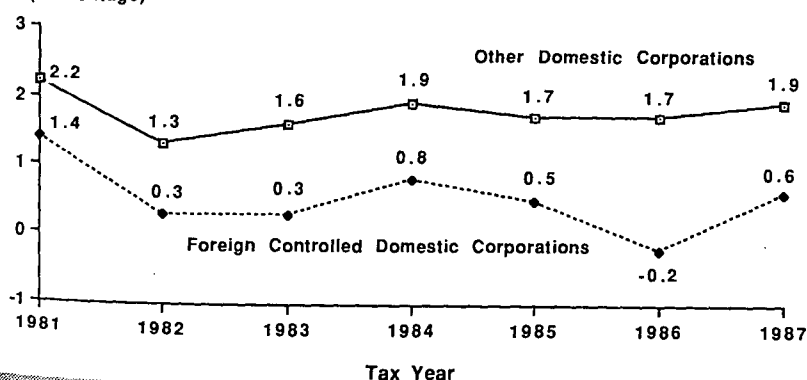


Figure J

Rate of Return on Assets, 1981-1987

[All figures are estimates based on samples]

Rate of Return
(Percentage)



receipts from two industrial divisions: manufacturing and trade. From a country perspective, domestic corporations controlled by persons from Japan had worldwide receipts of \$185 billion, 27 percent of the total. More specifically, miscellaneous wholesalers with Japanese owners had receipts of \$136 billion for 1987, which accounted for nearly 20 percent of the total.

The profitability of foreign-controlled domestic corporations increased significantly for Tax Year 1987. The net income (less deficit) amount for these companies was \$5.6 billion for that year, the highest amount reported for recent years, as compared to a net negative amount of \$1.5 billion reported for 1986, which was the lowest amount of recent years. Manufacturing companies accounted for most of the increased profits.

EXPLANATION OF SELECTED TERMS

Attribution rules.—In regard to domestic corporations that are 50 percent or more owned by a foreign "person," these rules provide that an individual shall be considered as owning the stock of a corporation that is owned, directly or indirectly, by or for his or her family. The family of an individual includes his or her spouse, brothers and sisters, ancestors, and lineal descendants. For more information on these rules, see section 267(c) of the Internal Revenue Code. However, if a corporation is owned by two or more unrelated persons, neither of whom owned 50 percent or more of the corporation, then that corporation was excluded from the statistics even though, together, the persons may have met the 50 percent ownership criterion.

Foreign person.—A foreign person (or entity) is defined as a person other than a U.S. person. A U.S. person includes: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, and (4) any estate or trust (other than a foreign estate or trust). Section 7701 of the Internal Revenue Code further defines the term U.S. person.

Net income (or deficit).—This is the difference between gross receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. It reflects not only actual receipts but "constructive" receipts as well. Interest from State and local Government obligations is excluded from this item. Because certain statutory special

deductions, including the net operating loss deduction, were allowed most corporations in computing their income subject to tax, the statistics for net income are generally larger than the amounts shown for "U.S. income subject to tax," i.e., the base on which tax was computed. See also the discussion of the "Net Operating Loss Deduction" in this section of the article.

Net operating loss deduction.—A statutory net operating loss (NOL) for a given tax year can be carried back over a 3-year period to reduce the taxable income of those years, and any amount of the NOL not offset against income during that time could be carried forward against income for a period not exceeding 15 years. The amount of NOLD included in this study, however, consists only of losses from prior years actually used to reduce taxable income for the current (1987) tax year. Losses incurred after the 1987 Tax Year and carried back to that year at a later date could not be reported on the tax returns used for this article. Net operating losses on which the 1987 deduction was based include: (1) the excess of ordinary and necessary business expenses over income in previous loss years, and (2) statutory special deductions claimed in a loss year for dividends received and for dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

Other domestic corporations.—Data shown in this article for these companies come from Forms 1120, 1120A, 1120L, and 1120PC (stock companies). The following forms were excluded: 1120S, 1120F, 1120-IC-DISC, 1120-FSC, 1120-RIC, 1120-REIT, and 1120PC (mutual companies).

Rate of return on assets.—For domestic corporations, this is the amount of before-tax net income (less deficit) calculated for U.S. tax purposes expressed as a percentage of total assets.

DATA SOURCES AND LIMITATIONS

Sample

The statistics for domestic corporations controlled by a foreign person shown in this article are based primarily on samples of Forms 1120 (U.S. Corporation Income Tax Return). In addition to this form, the 1987 statistics include data from Forms 1120L (U.S. Life Insurance Company Income Tax Return), as well as from small numbers of Forms 1120-IC-DISC (Interest Charge Domestic International Sales Corpora-

tion Return), Forms 1120-RIC (U.S. Income Tax Return for Regulated Investment Companies), and Forms 1120-REIT (U.S. Income Tax Return for Real Estate Investment Trusts).

Form 1120 samples were stratified based on the size of total assets and net income (or deficit) and the business activity. For 1987, the Form 1120 achieved sampling rates ranged from 0.0035 percent to 100 percent.

Because the data presented in this article are estimates based on samples, they are subject to sampling error. To properly use these data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the Appendix to this publication. For a more detailed discussion of CV's for 1987, see *Statistics of Income—Corporation Income Tax Returns* for 1987.

NONSAMPLING LIMITATIONS

Most of the data in this article relate to Tax Year 1987. However, the estimates cover returns with accounting periods that ended in a 12 month span beginning in July and ending in June. Thus, for Tax Year 1987, the span was between July 1987 and June 1988. As a result of the 12 month span for ending accounting periods, the statistics for each year shown in this article include income received or expenses incurred during a 23 month span. For Tax Year 1987, that span was from August 1986 through June 1988.

Each return used for the studies described in this article had an industry code reported or assigned during statistical processing. This code was used as a classifier of the returns, as shown in Tables 1 and 1A of this article. The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities or may have been a consolidated return filed for an affiliated group of corporations which conducted different business activities. To the extent that some consolidated (and nonconsolidated) corporations were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

Each return used for the statistics described in this article also had a foreign country code assigned during statistical processing, which identified the owner's country. For individuals, it was the owner's country of residence. For all others, it was the country where the foreign entity was incorporated, organized, created, or administered. The code was used as a classifier of the returns shown in Table 2. To the extent that a holding company or other affiliated entity was part of a chain between a U.S. subsidiary company and the ultimate parent, the data are not entirely related to the foreign country under which they are shown.

Returns were selected for this study based on taxpayers' responses to a question on the Form 1120 which asks whether "a person other than a U.S. person" owned, directly or indirectly, 50 percent or more of the filing corporation's voting stock. Certain taxpayers incorrectly answered this question "yes" when a U.S. person other than an individual (such as a U.S. corporation) was the owner. (See the definition of a foreign person in the "Explanation of Selected Terms" section of this article.) These reporting errors were primarily made by corporations with small amounts of assets and income. As a result of these errors, it is estimated that the number of returns may be overstated by 5 to 10 percent, however, money amounts for balance sheet, income statement and tax items are only minimally overstated. Additional research on the frequency of these incorrect responses will be done for the 1988 study. In addition, the question on Form 1120 will be changed to ask if any "foreign person" owned, directly or indirectly, 50 percent or more of the filing corporation's voting stock.

FOOTNOTES

- [1] For purposes of this article, "control" is defined as ownership by any foreign person (i.e., an individual, partnership, corporation, estate or trust), directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock at the end of the tax year. For rules of attribution, see the "Explanation of Selected Terms" section of this article and section 267(c) of the Internal Revenue Code.
- [2] Portfolio investment is different from direct investment in that there is no control of the management of the enterprise, except to the extent, for example, of rights to vote peri-

odically in stockholder meetings of corporations. The portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments or an increase in the value of the shares of stock.

- [3] The Bureau of Economic Analysis of the U.S. Department of Commerce publishes data on foreign direct investment in the United States in the *Survey of Current Business*. See Herr, Ellen M., "U.S. Business Enterprises Acquired or Established by Foreign Direct Investors in 1987," Volume 68, Number 5, May 1988; Howenstine, Ned G., "U.S. Affiliates of Foreign Companies: 1987 Benchmark Survey Results," Volume 69, Number 7, July 1989; and "Foreign Direct Investment in the United States: Detail for Position and Balance of Payment Flows, 1987," Volume 68, Number 8, August 1988.
- [4] Sections 7701(a)(4) and (5) of the Internal Revenue Code defined a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation was one which was not domestic.
- [5] Information on ownership levels was asked by questions on the corporation income tax return which requested the owner's name, country and percentage of voting stock owned when any foreign individual, partnership, corporation, estate or trust owned, directly or indirectly, 50 percent or more of the corporation's voting stock at the end of the tax year.
- [6] Interest Charge Domestic International Sales Corporations (beginning in 1985) were not subject to U.S. taxation. Instead, the stockholders of these companies were subject to taxation when profits from these companies were distributed or deemed to be distributed to them. In addition, "S" Corporations were generally not taxed on their income, but rather passed the income on to their stockholders for taxation purposes. Finally, regulated invest-

ment companies and real estate investment trusts were only taxed on income that was not distributed to their shareholders.

- [7] For a more complete discussion of taxable income, see *Statistics of Income—1987, Corporation Income Tax Returns*.
- [8] Foreign tax credits are claimed by only a small percentage of corporations. For 1987, 1.1 percent of foreign-controlled domestic corporations claimed this credit. The most recent detailed information on corporate foreign tax credits will be discussed in an article to appear in the Fall 1990 issue of the *Statistics of Income Bulletin*.
- [9] For a more detailed discussion of the Tax Reform Act of 1986, see *Statistics of Income—Corporation Income Tax Returns* for 1986 and 1987.
- [10] For detailed information on U.S.-source dividends (and certain other types of income) paid to foreign persons, see Flaherty, Marilyn J., "Foreign Recipients of U.S. Income, and Tax Withheld, 1987," *Statistics of Income Bulletin*, Winter 1989-90, Volume 9, Number 3.
- [11] The source of the GNP Implicit Price Deflator is the *Survey of Current Business*, Bureau of Economic Analysis, U.S. Department of Commerce.
- [12] The increase in the number of returns for 1987 may be a reflection of additional incentives for foreigners to purchase U.S. companies, provided by the Tax Reform Act of 1986. See Scholes, Myron and Wolfson, Mark, "The Effects of Changes in Tax Laws on Corporate Reorganization Activity," *NBER Working Paper No. 3095*, National Bureau of Economic Research.
- [13] See the "Data Sources and Limitations" section of this article for a discussion of how returns are industry coded during statistical processing.

- [14] The Tax Reform Act of 1986 enacted Internal Revenue Code section 1059A, which limits the cost of property imported (directly or indirectly) into the United States by a U.S. taxpayer from a related person to the cost used for customs valuation purposes. Section 1059A became effective for transactions entered into after March 18, 1986.
- [15] For statistical purposes, net income (less deficit) is the difference between "modified" total receipts and total deductions. The \$687 billion of total receipts for 1987 is modified as follows: (1) tax-exempt interest from State and local Government obligations is subtracted and (2) "constructive" receipts are added. Constructive receipts are the sum of the following types of taxable income from related foreign corporations: (1) includable income from Controlled Foreign Corporations, and (2) foreign dividend income resulting from foreign taxes deemed paid. Net income (less deficit)

should also be distinguished from taxable income (i.e., "U.S. income subject to tax"). Because certain statutory special deductions, including the net operating loss deduction, were allowed most companies in computing their taxable income, the statistics for net income are generally larger than the amounts shown for taxable income.

- [16] The 26,396 companies reporting a deficit include a small number of "breakeven" companies, i.e., those whose receipts and deductions were equal.
- [17] See Dworin, Lowell, "Transfer Pricing Issues," to be published in the *National Tax Journal*.
- [18] The \$5.7 billion of total income tax before credits includes an alternative minimum tax (\$143 million), a tax from recomputing prior-year investment credits (\$37 million), and an environmental tax (\$17 million).

Table 1.—Selected Items, by Industrial Division, 1984–1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial division and item	1984	1985	1986	1987
	(1)	(2)	(3)	(4)
ALL INDUSTRIES¹				
Number of returns, total	37,401	36,677	36,778	44,862
With net income	15,306	15,882	14,348	18,466
Total receipts	459,161,616	513,777,982	542,634,669	666,785,812
Net income (less deficit)	4,526,142	2,978,286	1,519,339	5,608,265
Net income	15,355,593	14,500,125	12,745,420	19,764,758
U.S. income subject to tax	13,410,975	11,420,043	9,369,719	14,477,187
U.S. income tax—				
Before credits	6,049,943	5,152,493	4,069,605	5,675,568
After credits	4,487,752	3,576,147	3,042,942	4,561,221
AGRICULTURE, FORESTRY AND FISHING				
Number of returns, total	1,135	964	1,170	1,103
With net income	360	378	589	590
Total receipts	726,634	914,939	722,243	1,190,344
Net income (less deficit)	-100,816	-76,329	-56,596	-45,116
Net income	39,582	49,981	58,105	79,352
U.S. income subject to tax	5,358	24,791	39,875	55,321
U.S. income tax—				
Before credits	-2,276	10,210	17,249	19,275
After credits	-2,191	2,607	13,990	16,272
MINING				
Number of returns, total	1,248	1,015	1,065	1,657
With net income	222	136	358	127
Total receipts	11,426,911	13,442,356	12,230,149	11,935,427
Net income (less deficit)	-168,100	-1,263,326	-1,330,594	-551,306
Net income	564,615	398,769	606,930	813,196
U.S. income subject to tax	481,545	234,693	466,171	514,672
U.S. income tax—				
Before credits	225,385	114,946	222,333	219,443
After credits	65,999	59,452	65,401	150,664
CONSTRUCTION				
Number of returns, total	860	1,060	936	1,013
With net income	654	729	345	345
Total receipts	5,204,036	5,236,279	6,077,854	6,210,638
Net income (less deficit)	-17,357	-21,509	-55,139	-62,391
Net income	96,377	160,069	145,485	160,302
U.S. income subject to tax	66,240	78,979	48,911	44,938
U.S. income tax—				
Before credits	24,655	30,758	18,930	18,194
After credits	22,466	16,055	18,033	16,984
MANUFACTURING				
Number of returns, total	3,392	4,011	3,969	4,155
With net income	1,941	1,971	2,068	2,068
Total receipts	178,076,536	202,466,147	213,172,653	265,643,887
Net income (less deficit)	5,296,604	2,931,428	1,519,339	5,608,265
Net income	8,185,582	6,633,137	4,931,562	10,294,366
U.S. income subject to tax	7,542,966	5,401,714	3,345,716	7,502,478
U.S. income tax—				
Before credits	3,431,363	2,466,796	1,508,219	2,906,764
After credits	2,363,459	1,353,846	1,017,840	2,120,865
TRANSPORTATION AND PUBLIC UTILITIES				
Number of returns, total	569	484	548	1,117
With net income	323	254	202	244
Total receipts	9,115,440	10,310,044	12,095,234	15,119,699
Net income (less deficit)	95,175	101,973	111,081	470,196
Net income	311,784	421,207	468,531	741,986
U.S. income subject to tax	299,989	391,333	414,708	474,732
U.S. income tax—				
Before credits	134,440	178,452	193,899	193,899
After credits	74,404	142,958	95,750	121,262
WHOLESALE AND RETAIL TRADE				
Number of returns, total	14,190	13,580	13,341	16,464
With net income	5,974	6,146	7,456	7,456
Total receipts	201,968,318	227,402,547	228,032,846	305,211,015
Net income (less deficit)	2,431,063	2,393,885	1,287,084	837,953
Net income	4,531,475	4,499,963	3,839,541	4,456,676
U.S. income subject to tax	4,073,274	3,964,105	3,905,905	3,992,382
U.S. income tax—				
Before credits	1,845,723	1,785,942	1,423,347	1,424,985
After credits	1,682,061	1,604,608	1,282,004	1,374,217
FINANCE, INSURANCE AND REAL ESTATE				
Number of returns, total	9,556	11,149	9,735	12,399
With net income	3,201	3,846	2,814	4,181
Total receipts	40,544,227	41,304,615	57,810,717	61,307,219
Net income (less deficit)	-1,675,421	-790,997	-434,484	-351,038
Net income	1,270,412	1,911,807	2,184,037	2,781,870
U.S. income subject to tax	719,614	1,037,017	1,369,032	1,816,956
U.S. income tax—				
Before credits	301,660	442,409	539,231	711,405
After credits	204,481	304,032	419,416	617,378
SERVICES				
Number of returns, total	6,038	4,066	6,218	6,832
With net income	2,720	2,420	2,559	3,447
Total receipts	11,966,534	12,686,424	12,413,562	19,840,547
Net income (less deficit)	-314,729	-200,915	-200,915	-682,485
Net income	355,763	416,092	507,059	635,909
U.S. income subject to tax	221,791	295,412	373,342	475,683
U.S. income tax—				
Before credits	84,440	122,981	154,466	181,579
After credits	72,689	92,587	129,503	143,556

¹ Includes "Nature of business not allocable," which is not shown separately.

* Estimate should be used with caution because of the small number of sample returns on which it is based.

Note: Net income (or deficit) is the difference between gross receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. It reflects actual and "constructive" receipts but excludes interest from State and local Government obligations. Because certain statutory special deductions, including the net operating loss deduction, were allowed most corporations in computing their taxable income (i.e., the base on which tax was computed), the statistics for net income are generally larger than the amounts for "U.S. income subject to tax."

Table 1A.—Manufacturing: Selected Items, 1984–1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industry and item	1984	1985	1986	1987
	(1)	(2)	(3)	(4)
TOTAL MANUFACTURING				
Number of returns, total	3,392	4,011	3,969	4,155
With net income	1,941	1,971	2,068	2,068
Total receipts	178,076,536	202,466,147	213,172,653	265,643,887
Net income (less deficit)	5,296,604	2,931,428	1,519,339	5,608,265
Net income	8,185,582	6,633,137	4,931,562	10,294,366
U.S. income subject to tax	7,542,966	5,401,714	3,345,716	7,502,478
U.S. income tax—				
Before credits	3,431,363	2,466,796	1,508,219	2,906,764
After credits	2,363,459	1,353,846	1,017,840	2,120,865
PETROLEUM (INCLUDING INTEGRATED) AND COAL PRODUCTS				
Number of returns, total	106	225	369	95
With net income	41	18	18	25
Total receipts	53,270,641	51,628,741	40,808,819	53,520,029
Net income (less deficit)	4,197,257	2,395,790	-2,170,269	802,087
Net income	4,319,499	2,447,883	4,043	1,047,231
U.S. income subject to tax	4,268,831	2,272,567	1,295	1,016,407
U.S. income tax—				
Before credits	1,939,501	1,050,362	19,126	383,204
After credits	1,264,753	369,769	18,825	328,722
CHEMICALS AND ALLIED PRODUCTS				
Number of returns, total	205	169	207	274
With net income	119	97	68	98
Total receipts	27,821,870	30,958,899	40,577,794	55,099,632
Net income (less deficit)	564,180	455,169	2,750,279	55,099,632
Net income	1,050,753	1,063,596	1,336,848	3,159,547
U.S. income subject to tax	931,197	915,918	969,334	2,444,878
U.S. income tax—				
Before credits	424,751	420,727	440,610	947,314
After credits	263,426	250,296	250,296	545,663
ELECTRICAL AND ELECTRONIC EQUIPMENT				
Number of returns, total	693	787	971	356
With net income	322	383	322	132
Total receipts	14,096,743	15,207,914	24,409,838	28,195,192
Net income (less deficit)	276,753	36,373	155,294	106,466
Net income	517,127	449,329	684,542	723,795
U.S. income subject to tax	404,426	302,762	493,195	609,924
U.S. income tax—				
Before credits	182,575	134,329	211,869	239,368
After credits	153,145	124,177	116,727	173,855
FOOD AND KINDRED PRODUCTS				
Number of returns, total	167	135	205	349
With net income	104	128	128	92
Total receipts	13,720,196	19,296,441	17,558,217	25,069,807
Net income (less deficit)	31,970	158,655	346,477	1,002,573
Net income	217,327	329,485	532,482	1,242,443
U.S. income subject to tax	297,515	145,928	340,221	1,003,068
U.S. income tax—				
Before credits	134,621	63,340	137,707	352,140
After credits	111,953	44,771	75,869	213,586
MACHINERY, EXCEPT ELECTRICAL				
Number of returns, total	697	505	190	435
With net income	286	158	91	275
Total receipts	8,803,863	9,582,504	8,685,413	12,328,798
Net income (less deficit)	-123,232	-341,149	-405,778	13,668
Net income	202,119	160,448	169,238	278,730
U.S. income subject to tax	122,831	104,418	78,030	137,462
U.S. income tax—				
Before credits	55,310	47,426	35,235	55,634
After credits	48,560	35,651	27,561	42,880
PRIMARY METAL INDUSTRIES				
Number of returns, total	64	60	64	69
With net income	41	31	32	40
Total receipts	8,832,920	12,388,236	10,220,237	12,208,216
Net income (less deficit)	-123,714	-368,453	11,199	172,534
Net income	113,871	137,394	182,994	302,504
U.S. income subject to tax	75,637	118,157	110,417	131,392
U.S. income tax—				
Before credits	34,981	54,609	47,105	58,701
After credits	27,756	42,874	39,939	53,684
FABRICATED METAL PRODUCTS				
Number of returns, total	282	619	386	297
With net income	204	207	110	110
Total receipts	10,365,005	10,100,154	10,349,866	11,466,240
Net income (less deficit)	-354,528	-273,956	-126,877	405,892
Net income	151,537	125,634	128,090	710,549
U.S. income subject to tax	133,424	87,406	80,923	112,988
U.S. income tax—				
Before credits	60,997	37,782	35,890	71,922
After credits	50,694	27,500	26,596	65,717

* Estimate should be used with caution because of the small number of sample returns on which it is based.

Note: This table includes only those manufacturing industries which had \$10 billion or more of total receipts for 1987. Net income (or deficit) is the difference between gross receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. It reflects actual and "constructive" receipts but excludes interest from State and local Government obligations. Because certain statutory special deductions, including the net operating loss deduction, were allowed most corporations in computing their taxable income (i.e., the base on which tax was computed), the statistics for net income are generally larger than the amounts for "U.S. income subject to tax."

Table 2.—Selected Items, by Selected Countries, 1984–1987
[All figures are estimates based on samples—money amounts are in thousands of dollars]

Country and item	1984	1985	1986	1987
	(1)	(2)	(3)	(4)
ALL COUNTRIES				
Number of returns, total	37,401	36,677	36,778	44,862
With net income	15,306	15,682	14,348	18,456
Total receipts	459,161,616	513,777,962	542,694,669	686,785,812
Net income (less deficit)	4,528,142	2,978,266	-1,519,339	5,608,265
Net income	15,355,593	14,500,125	12,745,420	19,764,758
U.S. income subject to tax	13,410,975	11,429,043	9,369,719	14,477,187
Total U.S. income tax—				
Before credits	6,049,943	5,152,493	4,069,605	5,675,568
After credits	4,487,752	3,576,147	3,042,942	4,561,221
JAPAN				
Number of returns, total	2,399	2,560	2,689	3,708
With net income	1,543	1,259	1,087	1,593
Total receipts	112,607,206	133,489,744	139,352,209	184,861,431
Net income (less deficit)	1,815,477	1,327,992	638,173	219,190
Net income	2,920,631	2,759,120	2,483,694	2,978,723
U.S. income subject to tax	2,661,977	2,636,389	2,251,142	2,466,408
Total U.S. income tax—				
Before credits	1,224,963	1,198,936	1,011,878	979,174
After credits	1,143,570	1,117,328	947,426	950,979
UNITED KINGDOM				
Number of returns, total	2,680	2,841	2,588	3,801
With net income	1,111	1,308	1,491	2,011
Total receipts	76,884,056	83,340,020	83,822,976	102,992,988
Net income (less deficit)	1,953,078	-667,324	3,356,418	4,997,255
Net income	3,350,336	3,387,943	2,290,519	4,056,219
U.S. income subject to tax	3,161,220	2,712,172	1,638,026	1,569,525
Total U.S. income tax—				
Before credits	1,442,102	1,231,060	735,525	1,412,086
After credits	1,147,539	904,405	587,662	1,158,746
NETHERLANDS				
Number of returns, total	1,501	1,747	1,887	1,940
With net income	346	427	620	1,062
Total receipts	71,623,945	70,471,893	71,654,985	77,164,592
Net income (less deficit)	796,123	138,331	-812,379	453,554
Net income	2,224,894	1,572,586	1,344,007	2,325,465
U.S. income subject to tax	2,026,190	973,518	840,154	1,598,746
Total U.S. income tax—				
Before credits	912,880	440,248	347,136	581,224
After credits	753,038	205,353	244,765	433,520
WEST GERMANY				
Number of returns, total	1,842	2,214	2,662	2,390
With net income	794	1,115	891	1,124
Total receipts	36,442,085	42,945,267	53,361,755	62,779,037
Net income (less deficit)	748,219	336,697	-62,164	141,921
Net income	1,431,746	1,424,585	905,106	1,499,008
U.S. income subject to tax	1,179,722	1,260,191	772,042	1,071,819
Total U.S. income tax—				
Before credits	537,089	567,737	312,972	433,720
After credits	423,054	449,478	200,290	351,323
CANADA				
Number of returns, total	6,389	6,151	6,708	8,264
With net income	2,827	2,387	2,704	3,190
Total receipts	31,633,581	40,459,451	40,354,176	51,548,756
Net income (less deficit)	-701,031	-197,296	-66,314	475,688
Net income	915,513	1,271,083	1,391,782	1,849,257
U.S. income subject to tax	606,425	634,263	841,219	1,152,658
Total U.S. income tax—				
Before credits	258,199	281,377	362,749	457,555
After credits	209,181	200,553	251,738	346,787
FRANCE				
Number of returns, total	2,094	1,683	1,469	1,899
With net income	632	640	675	373
Total receipts	22,250,703	25,673,312	21,942,578	29,794,083
Net income (less deficit)	-19,464	-126,433	-60,588	114,166
Net income	484,536	505,017	548,933	800,836
U.S. income subject to tax	419,413	384,654	441,294	633,265
Total U.S. income tax—				
Before credits	189,098	172,145	194,758	253,688
After credits	164,529	132,700	147,778	210,995
NETHERLANDS ANTILLES				
Number of returns, total	1,300	733	767	1,757
With net income	252	181	120	223
Total receipts	17,646,710	20,767,891	16,891,714	27,255,423
Net income (less deficit)	-384,690	-535,965	-364,901	-376,392
Net income	300,569	411,261	551,431	581,405
U.S. income subject to tax	230,102	262,524	356,074	212,640
Total U.S. income tax—				
Before credits	104,975	124,887	161,875	100,326
After credits	29,441	52,841	97,232	61,624

* Revised.

Notes: This table includes only those foreign countries which had \$25 billion or more of total receipts for 1987. The foreign country data are based on the location of the corporate owner's place of residence, incorporation, organization, creation, or administration.
Net income (or deficit) is the difference between gross receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. It reflects actual and "constructive" receipts, but excludes interest from State and local Government obligations. Because certain statutory special deductions, including the net operating loss deduction, were allowed most corporations in computing their taxable income (i.e., the base on which tax was computed), the statistics for net income are generally larger than the amounts for "U.S. income subject to tax."

Section 7

Foreign Corporations With Income Derived From U.S. Sources

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Foreign corporations with income "effectively connected" with a U.S. trade or business are taxed on that income in a manner similar to the tax treatment of a U.S. corporation. The United States also taxes income derived from investments in the United States that is not effectively connected with a U.S. trade or business. This income is usually

taxed at 30 percent. A lower withholding rate may apply if the country of incorporation has a tax treaty with the United States. (See Section 11 of this compendium for additional information about withholding taxes.)

Information for 1984 and 1985 are contained in Section 6 with information pertaining to domestic corporations primarily owned by a foreign entity. Data for 1986 and 1987 are contained in the article and tables listed above.

A foreign corporation with effectively connected income or income from U.S. investment from a U.S. trade or business must file a special corporate tax return, the Form 1120F. The information contained in this section represents Forms 1120F that had income and deduction items effectively connected with U.S. trade or business activities. Some of these returns may also have contained amounts of investment income from U.S. sources. The reader is referred to Section 15 for a copy of this tax form.

* Form 1120F, U.S. Income Tax Return of a Foreign Corporation, and Instructions (p. 468)

Foreign Corporations with Income Effectively Connected with a U.S. Business, 1987

By James R. Hobbs*

For 1987, 10,500 "foreign" corporations (i.e., those incorporated abroad) reported \$61 billion of receipts generated from activities "effectively connected" with a U.S. trade or business. Overall, these companies reported a net deficit of \$162 million from these activities. Only 3,300 of these companies reported a profit, totalling \$2.2 billion. This resulted in \$589 million of tax (referred to as the "Section II" tax in this article), after the reduction of credits and the addition of small amounts of tax from recomputing prior-year investment credits [1].

FOREIGN OPERATIONS IN THE UNITED STATES

Foreign "persons" can establish business operations in the United States through several forms, including corporations, partnerships, and joint ventures. In regard to corporations, foreigners can either gain control of an existing U.S. company, create a new U.S. company, or operate in the United States as a branch of a foreign company. This article focuses on the latter [2].

There are several factors involved in the decision of a foreign investor to operate in the United States through either a "domestic" or "foreign" corporation [3]. The U.S. tax structure is one of these factors and it is discussed next in this article for foreign corporations operating in the United States.

U.S. TAXATION

Foreign corporations are those that are incorporated abroad. Thus, they are not created or organized in the United States, or under the laws of the United States or any of its States. These corporations are, however, subject to U.S. income tax on income "effectively connected" with the conduct of a U.S. trade or business, as well as on income from U.S. sources that is not effectively connected. There are two methods of taxation that apply, depending on whether or not the income is considered to be effectively connected with a trade or business in the United States [4].

Foreign corporations are taxed on income effectively connected with a U.S. trade or business in a manner similar to that used to tax the income of domestic corporations. This tax is referred to as "Section II" tax on Form 1120F, U.S. Income Tax Return of a Foreign Corporation. To determine the taxable income, gross income that is effectively connected with a U.S. trade or business is reduced by allowable deductions to the extent that such deductions are related to this income [5]. The same tax rates, tax methods, and credits used to reduce tax liability are available to both foreign and domestic corporations.

The Tax Reform Act of 1986 changed the regular corporate tax rates, effective July 1, 1987 [6]. For the period before this date, the rates were as follows:

Taxable income	Tax rate
\$25,000 or less	15%
\$25,001 to \$50,000	18%
\$50,001 to \$75,000	30%
\$75,001 to \$100,000	40%
Over \$100,000	46%

If a corporation's taxable income exceeded \$1 million, then the corporation was liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over \$1 million, or (b) \$20,250.

For the period beginning on July 1, 1987 and continuing thereafter, the corporate tax rates were changed to:

Taxable income	Tax rate
\$50,000 or less	15%
\$50,001 to \$75,000	25%
Over \$75,000	34%

If a corporation's taxable income exceeds \$100,000, then the corporation is liable for an additional tax equal to the lesser of (a) 5 percent of the taxable income over \$100,000, or (b) \$11,750.

*Assistant Chief, Foreign Statistics Branch. Prepared under the direction of Daniel Skelly, Chief, Foreign Statistics Branch.

For accounting periods that included July 1, 1987, taxable income was subjected to both the old and new tax rates, with the resulting tax determined based on a proration of the number of days in the accounting period that fell before and after July 1. Because the statistics for 1987 shown in this article represent corporate returns with accounting periods that ended between July 1987 and June 1988 (and, thus, began as early as August 1986 for a 12-month period), the income tax amounts were calculated based on a mix of both the old and revised tax rates.

The 1986 Act also repealed the alternative tax on capital gains beginning July 1, 1987. Previously, companies with net long-term capital gains could elect to use an alternative method of tax computation if it produced a lower amount of tax than under the regular method. Under the alternative method, net long-term capital gains were taxed separately at a rate of 28 percent (34 percent for the period January 1, 1987, to July 1, 1987). The remainder of taxable income was then taxed at the regular rates. Under the 1986 Act, corporate long-term capital gains are taxed as ordinary income; there is no alternative tax computation for capital gains [7].

Credits could be used to reduce the "Section II" tax calculated under either the regular or alternative methods. These credits included, for Tax Year 1987, the foreign tax credit and the general business credit. The Tax Reform Act of 1986 made certain changes to the credits available to corporations. In addition to the regular or alternative tax after credits, a foreign corporation's "Section II" tax could include a tax from recomputing prior-year investment credits.

Fixed or determinable annual or periodic income from U.S. sources, such as interest, dividends, rents, royalties, annuities, and certain gains (such as from the sale or exchange of patents and copyrights) may or may not be effectively connected income [8]. This is determined on the basis of whether the income is from assets used in the conduct of a U.S. trade or business and whether the activities of the U.S. trade or business are a principal factor in producing the income.

A foreign corporation that disposes of U.S. real property interests must treat the gain or loss as effectively connected income, even if the corporation is not otherwise engaged in a U.S. trade or business. In addition, a foreign corporation could elect to treat certain income from U.S. real property as effectively connected income, even if it otherwise would not have been considered to be this type of income. Included were certain gross rents, royalties, and gains. This election permitted the corporation to apply deductions against this gross income. For 1987,

over 60 percent of foreign corporations with U.S. effectively connected income were classified as real estate companies. This is discussed in more detail later in this article.

Certain types of foreign-source income were also considered to be U.S. effectively connected income. For instance, interest received by a foreign bank from sources outside the United States was treated as effectively connected with the conduct of a U.S. trade or business if the bank had an office in the United States to which the income was attributable and if the interest was derived from banking activities in the United States. Because foreign income taxes were imposed on such interest, banks accounted for nearly all of the total foreign tax credit claimed by foreign corporations with U.S. effectively connected income for 1987.

As mentioned previously, foreign corporations were also taxed on U.S.-source income that was not effectively connected with the conduct of a U.S. trade or business. (This tax is referred to as "Section I" tax on Form 1120F.) This income included certain amounts of investment income, such as interest, dividends, rents, royalties, annuities, and gains from the sale or exchange of certain property (including patents, copyrights, timber and coal). Gross income in these categories was taxed at a rate of 30 percent unless the rate had been reduced as the result of a tax treaty between the United States and the foreign company's country of incorporation [9].

Basically, then, a foreign corporation's total U.S. tax was the sum of (1) the tax on income effectively connected with the conduct of a U.S. trade or business ("Section II" tax) and (2) the tax on U.S.-source income that was not effectively connected ("Section I" tax) [10]. It could also include (1) an alternative minimum tax, (2) an environmental tax, (3) a Personal Holding Company tax, and (4) branch profits and branch-level interest taxes. The environmental tax was authorized by the Superfund Amendments and Reauthorization Act of 1986. (The statistics for "Total U.S. Income Tax" shown in this article include all of the above taxes, except for the "Section I" tax, which is shown separately.)

The transfer of profits from a U.S. branch of a foreign corporation back to its main office in a foreign country was generally not subject to U.S. income tax. However, if the foreign corporation later distributed these profits as dividends and 50 percent or more of its gross income (over a 3-year period) was attributable to effectively connected income from its U.S. branch, then a portion of the distribution could become subject to a U.S. withholding tax of 30 percent. In addition, while interest paid by a U.S. branch of a foreign corporation to foreign creditors could

be a tax deduction in calculating effectively connected taxable income, this interest could also be subject to a U.S. withholding tax similar to that described for dividends. These "second-level withholding taxes" could be reduced or eliminated by U.S. income tax treaties with other countries.

The Tax Reform Act of 1986 replaced the "second-level withholding taxes" with "branch profits and branch-level interest taxes," subject to modification or elimination by tax treaties. For tax years beginning after 1986, the U.S. branch of a foreign corporation could be subject to a 30-percent tax on amounts considered to be a "dividend equivalent" and on certain "excess interest" deductions used in calculating effectively connected taxable income. Dividend equivalent is the branch's effectively connected earnings and profits for the year, reduced (or increased) by the amount of increase (or decrease) in the branch's U.S. net equity position during the tax year. Section 884 of the Internal Revenue Code specifies the branch profits and branch-level interest taxes.

Only data for the 10,478 foreign corporations which had income effectively connected with a U.S. trade or business for 1987 are included in this article. Foreign corporations with only U.S.-source investment income (i.e., income not effectively connected with a U.S. trade or business) are therefore excluded.

GROWTH OF FOREIGN CORPORATIONS

The activity of foreign corporations in the United States has grown at a rapid pace. Total receipts of these corporations from activities effectively connected with a U.S. trade or business grew from \$21 billion for 1983 to \$61 billion for 1987, a 193 percent increase, using current dollars. This growth rate was notably higher than the 34 percent increase for all U.S. corporation income tax returns (see Figure A). It should be noted that total receipts for domestic corporations includes income from both domestic and foreign activities. Generally, it also includes investment-type income, such as interest and dividends not directly connected with a business activity. The amount of U.S. source, business-related income of domestic corporations for 1983 through 1987 was not separately reported on the corporation income tax return and, thus, not available for comparison to the U.S. effectively connected income of foreign corporations.

As a result of the growth rate of foreign corporations with U.S. effectively connected income, their share of the receipts reported on all corporate returns increased from 0.29 percent for 1983 to 0.64 percent for 1987. While

Figure A.— Foreign Corporations with Income Effectively Connected with a U.S. Business Compared with All Corporations, 1983–1987

(All figures are estimates based on samples—money amounts are in millions of dollars)

Year and item	All corporation income tax returns	Returns of foreign corporations with U.S. effectively connected income
1987		
Number of returns	3,612,133	10,478
Total receipts	9,586,721	61,004
Net income (less deficit)	328,224	-162
U.S. income subject to tax	311,841	1,647
Total U.S. income tax after credits ²	86,969	614
1986		
Number of returns	3,428,515	11,342
Total receipts	8,669,379	43,626
Net income (less deficit)	269,530	-139
U.S. income subject to tax	276,173	1,816
Total U.S. income tax after credits ²	73,876	564
1985		
Number of returns	3,271,219	11,693
Total receipts	8,398,279	50,909
Net income (less deficit)	240,119	-1,487
U.S. income subject to tax	266,061	1,025
Total U.S. income tax after credits ²	63,348	382
1984		
Number of returns	3,170,743	10,955
Total receipts	7,807,111	43,656
Net income (less deficit)	232,901	-1,513
U.S. income subject to tax	257,054	902
Total U.S. income tax after credits ²	63,990	317
1983		
Number of returns	2,999,071	8,001
Total receipts	7,135,494	20,794
Net income (less deficit)	188,314	-1,118
U.S. income subject to tax	219,896	469
Total U.S. income tax after credits ²	51,479	152

¹ Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

² For foreign corporations, total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes. It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States.

these aggregate percentages are small, foreign corporations accounted for substantially larger portions of receipts for specific industries, particularly banking. This is discussed in the next section of this article.

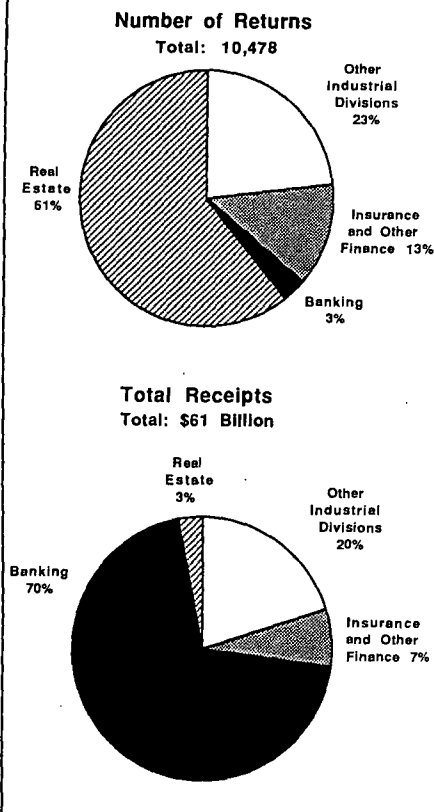
INDUSTRY CHARACTERISTICS

As can be seen in Figure B, the finance, insurance and real estate industrial division accounted for most of the business activity in the United States by foreign corporations. In fact, for 1987, this division accounted for 77 percent of the returns filed and 80 percent of the total receipts resulting from trade or business effectively connected with a U.S. activity.

The 6,367 foreign corporations involved in real estate (61 percent of the total) generated only \$1.5 billion (or 3 percent) of total receipts. This was an average of just \$240,000 per company. As a group, foreign real estate companies reported a net deficit of \$332 million for 1987. For every company that reported a profit (i.e., net income for tax purposes), nearly three and one-half others reported losses (see Figure C).

Figure B

Foreign Corporations with Income Effectively Connected with a U.S. Business, by Industry, 1987



Foreign banks in the United States reported receipts of nearly \$43 billion, or 70 percent of the total U.S. effectively connected income. Nearly all (\$37 billion) of this income was interest. Only 286 banks, 3 percent of all the foreign companies, generated these receipts for 1987.

The \$43 billion in receipts resulting from U.S. effectively connected business operations represented 11 percent of the worldwide receipts (\$395 billion) reported on all U.S.

Figure C.—Foreign Real Estate Companies with Income Effectively Connected with a U.S. Business, 1986 and 1987

[All figures are estimates based on samples—money amounts are in millions of dollars]

Item	1986	1987
Number of returns, total	7,110	6,367
With net income	2,086	1,862
Total receipts	2,069	1,534
Total deductions	2,409	1,856
Total receipts less total deductions	-340	-322
Net income (less deficit)	-350	-332
Net income	569	238
Deficit	939	570
U.S. income subject to tax	428	124
Total U.S. income tax ¹	133	47
Before credits	131	46
After credits	5	1
Section II tax	130	41
Branch profits and branch-level interest taxes	N/A	4

¹ Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes. It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States. "Section I" tax, however, is shown separately N/A - Not applicable.

corporation income tax returns with banking as their principal business activity. (Refer back to the "U.S. Taxation" section of this article for a discussion of foreign-source interest received by foreign banks which is considered to be U.S. effectively connected income.) The 1987 receipts of foreign banks in the United States represented a 63 percent increase over the \$26 billion reported for 1986.

Figure D compares foreign banks to all banks that filed U.S. income tax returns for 1987. The amount of receipts reported by foreign banks are those effectively connected with a U.S. business, while receipts reported on all U.S. income tax returns of banks represent worldwide activities. Substantially less foreign banks reported profits than did all of the banks, 38 percent compared to 68 percent. However, the 109 profitable foreign banks averaged \$15.5 million of net income, while the 8,309 total profitable banks averaged only \$2.5 million of net income. Reflecting this information, the ratios of total U.S. income tax before credits to total receipts were somewhat similar, 1.3 percent compared to 1.7 percent. After credits, the difference in the ratios of tax to receipts narrowed to 1.1 percent versus 1.3 percent. U.S. banks had substantial amounts of credits, particularly foreign tax credits.

The wholesale and retail trade industrial division was second to finance, insurance and real estate in total receipts, although it accounted for only 12 percent (or \$7.5 billion) of the total receipts of all foreign corporations. The corresponding percentage for the finance, insurance and real estate group was 80. No other industrial division represented more than 2.5 percent of the total (see Table 1).

Figure D.—Foreign Banks with U.S. Effectively Connected Income Compared with All Banks that Filed U.S. Income Tax Returns, 1987

[All figures are estimates based on samples—money amounts are in millions of dollars]

Item	All corporation income tax returns	Returns of foreign banks with U.S. effectively connected income
Number of returns, total	12,243	286
With net income	8,309	109
Percentage	67.9%	38.1%
Total receipts	394,678,345	42,828,676
Interest	300,518,674	36,676,217
Total deductions	371,784,728	41,783,357
Interest paid	216,656,309	35,310,938
Net income (less deficit)	14,224,568	1,028,086
Net income	20,377,186	1,693,394
Deficit	6,152,617	665,309
U.S. income subject to tax	16,830,301	1,330,199
Total U.S. income tax before credits ¹	6,765,723	546,353
Regular and alternative tax or Section II tax	6,484,540	533,283
Section I tax ²	26,871	26,871
Total credits	1,708,449	54,479
Foreign tax credit	1,366,848	52,747
General business credit	341,270	1,732
Total U.S. income tax after credits	5,057,274	491,874
Total U.S. income tax before credits as a percentage of total receipts	1.7%	1.3%
Total U.S. income tax after credits as a percentage of total receipts	1.3%	1.1%

¹ For all returns, total U.S. income tax before credits includes regular and alternative taxes, Personal Holding Company taxes, taxes from recomputing prior year investment credits, environmental taxes, and alternative minimum taxes. For foreign corporations, total U.S. income tax before credits includes "Section II" tax, which is similar to the regular and alternative taxes and is based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, the tax from recomputing prior year investment credit, environmental tax, and the alternative minimum tax. It also includes the branch profits and branch-level interest taxes for foreign corporations. However, it excludes "Section I" tax for these foreign companies since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States.

² Only foreign corporations with U.S. effectively connected income could have Section I tax.

COUNTRY CHARACTERISTICS

Nearly three-fourths of the 10,478 foreign corporations which reported income effectively connected with a U.S. trade or business for 1987 were incorporated in the ten countries shown in Table 2. These 7,592 companies also accounted for 89 percent of the effectively connected receipts of all foreign corporations operating a U.S. trade or business.

Table 2 shows that nine of the ten countries with the largest amount of U.S. effectively connected receipts were the same for 1986 and 1987. The only new country on this list was Belgium, in the tenth position, which replaced the Netherlands. Foreign corporations from Belgium accounted for \$1 billion of receipts from U.S. effectively connected business activities.

The Netherlands Antilles had the largest number of foreign-incorporated U.S. businesses, totalling 4,375, or nearly 42 percent of the total for 1987. However, these corporations accounted for only 4 percent of the effectively connected receipts of all foreign corporations. This coincided with the fact that 3,422 of these corporations were principally involved in real estate activities and produced only \$870 million of receipts (see Table 3). As

previously noted, foreign corporations involved in U.S. real estate activities tended to report relatively small amounts of receipts, as compared to those engaged in other business activities.

Japanese corporations produced the largest amount (\$21.3 billion) of U.S. effectively connected receipts for 1987. This was an increase of nearly 80 percent, up from \$11.9 billion for 1986. The majority of the receipts were produced by banks. In fact, U.S. branches of 33 Japanese banks produced \$20.8 billion of U.S. effectively connected receipts for 1987. These receipts accounted for 98 percent of the receipts of the 394 Japanese-incorporated businesses operating in the United States.

Twenty of these 33 Japanese banks produced \$661 million of taxable (net) income (i.e., "U.S. income subject to tax" in the statistics) as a result of their U.S. effectively connected business activities. (The other 13 banks reported deficits and, as a result, had no taxable income.) This U.S. taxable income resulted in \$254 million of "Section II" U.S. taxes, prior to credits. However, this amount was reduced by \$51 million of foreign tax credits and \$1 million of general business credits. The \$51 million represented over 97 percent of the total foreign tax credits claimed by all foreign corporations with income effectively

connected with a U.S. trade or business. The United States allowed a foreign tax credit against income tax for certain taxes paid or accrued to foreign countries. These taxes were based on the corporation's foreign-source taxable income, certain types of which were considered to be U.S. effectively connected income. (See the section entitled "U.S. Taxation.")

Canadian corporations produced the second largest amount (\$12.6 billion) of U.S. effectively connected receipts for 1987, a 174 percent increase over the 1986 amount of \$4.6 billion. Over 88 percent of these receipts were from companies classified in the finance, insurance and real estate industrial division. Banks and insurance companies accounted for most of these receipts, with \$6.8 and \$4.0 billion, respectively.

INDUSTRY AND COUNTRY COMBINATIONS

Table 3 shows the 13 industry-country combinations with the largest total receipts for 1987. Each of these combinations had over \$500 million of U.S. effectively connected receipts. As a group, these 13 combinations accounted for 80 percent of the \$61 billion of total receipts of foreign corporations with U.S. effectively connected income.

Nine of the 13 industry-country combinations involve foreign banks, from Japan (\$20.8 billion of receipts), Canada (\$6.8 billion), Italy (\$2.2 billion), West Germany (\$2.0 billion), France (\$2.0 billion), United Kingdom (\$1.9 billion), Switzerland (\$1.2 billion), Belgium (\$1.1 billion), and Australia (\$550 million). Two of the four remaining combinations were "miscellaneous" wholesalers from Switzerland and Bermuda. Miscellaneous wholesale trade included the distribution of the following items:

- Alcoholic beverages
- Apparel, piece goods, and notions
- Chemicals and allied products
- Drugs, drug proprietaries, and druggists' sundries
- Electrical goods
- Farm-product raw materials
- Furniture and home furnishings
- Hardware, plumbing, and heating equipment and supplies
- Lumber and construction materials
- Metals and minerals, except petroleum and scrap
- Motor vehicles and automotive equipment
- Paper and paper products
- Petroleum and petroleum products
- Sporting, recreational, photographic, and hobby goods, toys, and supplies

- Other nondurable goods, except groceries and related products
- Other durable goods, except machinery, equipment, and supplies

The two remaining combinations were Canadian insurance companies and real estate companies from the Netherlands Antilles.

INCOME STATEMENT AND TAX ITEMS

For 1987, the 10,478 foreign corporations reported receipts totalling \$61 billion from activities effectively connected with a trade or business in the United States. Business receipts amounted to \$20 billion, while \$38 billion of the total was interest income.

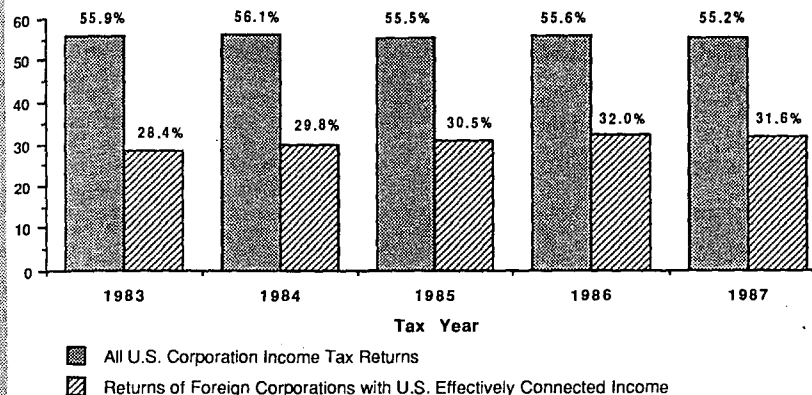
Collectively, foreign corporations claimed \$61 billion in deductions for 1987. Cost of sales and operations was \$12 billion. In conjunction with foreign banks producing large amounts of receipts in the form of interest income, they reported deductions for interest paid totalling \$35 billion. This amount was 96 percent of the \$37 billion of total interest paid by all of the foreign corporations.

Foreign corporations realized an overall net deficit of \$162 million from their effectively connected activities. This was the result of 3,306 corporations having \$22 billion of profits and 7,172 companies that were without profits, totalling \$2.4 billion of deficits. (A small number of these 7,172 companies were actually "breakeven" companies with equal amounts of receipts and deductions.) Thus, only 32 percent of the foreign corporations reported profits for 1987, as compared to 55 percent of all corporations filing U.S. tax returns. The percentages for 1986 were very similar to those for 1987, with only 32 percent of the foreign corporations reporting profits, compared to 56 percent for all corporations. See Figure E for a comparison of the percentages of profitable companies for the period 1983 to 1987. As can be seen in this figure, the percentage of profitable foreign corporations increased somewhat over the 5-year period.

For 1987, the profitable foreign corporations had \$1.6 billion of income subject to U.S. tax from their effectively connected activities with a U.S. trade or business. This amount was after net operating loss deductions and special deductions, and resulted in a "Section II" tax of \$645 million before credits. Tax credits of \$56 million reduced this U.S. tax liability, with foreign tax credits of \$53 million accounting for most of the credits. With the addition of small amounts of tax from recomputing prior-year investment credits, "Section II" tax totalled \$589 million. The \$589 million of tax represents less than 1 percent of the

Figure E
Percentage of Corporation Returns Reporting Net Income, 1983-1987

[All figures are estimates based on samples]



\$61 billion of effectively connected total receipts generated by foreign corporations.

Foreign corporations with effectively connected U.S. trade and business income also incurred \$31 million of income tax on U.S.-source income that was not effectively connected with their U.S. operations (i.e., "Section I" tax), as well as \$9 million of alternative minimum tax, \$12 million of branch profits and branch-level interest taxes, and \$4 million of environmental tax. None of the foreign corporations sampled for 1987 had any Personal Holding Company tax. (While "Section I" tax is shown separately in the statistics, the income on which it was based was not tabulated.)

SUMMARY

Foreign operations in the United States through corporations continued to grow at a relatively fast rate for 1987. While total receipts reported on all U.S. corporation income tax returns increased from 1986 to 1987 by 11 percent (using current dollars), receipts of foreign corporations with U.S. effectively connected income grew by 40 percent.

Foreign corporations with U.S. effectively connected income were largely involved in finance, insurance and

real estate activities. For 1987, this division alone accounted for 80 percent of the total receipts, with only 286 banks actually generating 70 percent of the \$61 billion of total receipts for all 10,478 foreign corporations.

Tax Year 1987 was not a very profitable year for foreign corporations with income effectively connected with a U.S. trade or business. For 1987, only 32 percent of the foreign corporations reported profits (as computed under the tax code). By comparison, 55 percent of all corporations filing U.S. tax returns reported profits for 1987.

Japanese corporations accounted for \$21 billion of the total \$61 billion of total receipts for all foreign corporations with U.S. effectively connected income. This was the largest amount of any country, with Canadian companies placing second by producing nearly \$13 billion of receipts. The receipts of Japanese and Canadian companies rose dramatically between 1986 and 1987.

DATA SOURCES AND LIMITATIONS

Sample

For foreign corporations with income effectively connected with a U.S. trade or business, the statistics are based primarily on samples of Forms 1120F (Return of a

Foreign Corporation). In addition to this form, the statistics include data from Form 1120L (U.S. Life Insurance Company Income Tax Return). Forms 1120L were filed by foreign companies that carried on a life insurance business in the United States. Thus, data for foreign corporations with income effectively connected with a U.S. trade or business could include information from Forms 1120L [11].

Form 1120F samples were stratified based on the size of total assets and the business activity, even though balance sheet information was not actually tabulated from Forms 1120F. The sampling rates specified for these forms were either 20 percent or 100 percent, depending on the size of total assets and the business activity. Forms 1120L were stratified based solely on the size of total assets. The sample rates specified for these forms were either 50 percent or 100 percent, depending on the size of total assets.

Because the data presented in this article are estimates based on samples, they are subject to sampling error. To properly use the data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the Appendix to this publication. For a more detailed discussion of CV's, see *Statistics of Income -- 1987, Corporation Income Tax Returns*.

Nonsampling Limitations

Most of the data in this article relate to 1987. However, for each tax year, the estimates cover returns with accounting periods that ended in a 12-month span beginning in July and ending in June. Thus, for Tax Year 1987, the span covered dates ending between July 1987 and June 1988.

As a result of the 12-month span for ending accounting periods, the statistics for each year shown in this article include income received or expenses incurred during a 23-month span. For Tax Year 1987, that span was from August 1986 through June 1988.

Each return used for the studies described in this article was given an industry code during statistical processing. This code was used as a classifier of the returns, as shown in Tables 1 and 3 of the article. (Tables 2 and 3 are classified by geographical area.) The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities. (In general, foreign corporations

could not be members of affiliated groups eligible to be included in consolidated returns.) To the extent that some corporations were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

The income statement data for foreign corporations shown in this article are only for those corporations which had income effectively connected with a U.S. trade or business. U.S.-source investment income (including interest, dividends, rents, royalties, annuities, and other fixed or determinable annual or periodic income) that was not effectively connected with the conduct of a U.S. trade or business is excluded from the data. The tax liability on this U.S. source investment income is, however, shown separately under the heading of "Section I" tax.

NOTES AND REFERENCES

- [1] "Section I" tax is based on a foreign corporation's income effectively connected with the conduct of a trade or business in the United States. The term "Section I" refers to the part of Form 1120F which requires information on this income.
- [2] Also see Hobbs, James R., "Domestic Corporations Controlled by Foreign Persons, 1987," *Statistics of Income Bulletin*, Summer 1990, Volume 10, Number 1.
- [3] Sections 7701(a)(4) and (5) of the Internal Revenue Code define a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation is one which is not domestic.
- [4] Section 864(c) of the Internal Revenue Code and the related Internal Revenue Regulations describe tests to be used in determining whether income is effectively connected with a U.S. trade or business.
- [5] Charitable contributions are deductible, subject to a limitation, whether or not they are related to effectively connected income.
- [6] For a complete discussion of this Act, see IRS Publication 921, *Explanation of the Tax Reform Act of 1986 for Business*. This Act is also discussed in *Statistics of Income -- Corporation Income Tax Returns*, for 1986 and 1987.
- [7] The Tax Reform Act of 1986 created an alternative minimum tax (AMT). Capital gains of corporations were included in the base of this tax (i.e., the alter-

native minimum taxable income). The AMT became effective for tax years beginning after December 31, 1986.

- [8] While capital gains that were considered to be effectively connected with a U.S. trade or business were taxable income, other U.S.-source capital gains were exempt from the U.S. income tax.
- [9] For a list of tax treaties, see U.S. Department of the Treasury, Internal Revenue Service, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, Publication 515.

[10] Foreign corporations are also subject to a 4 percent tax on one-half of their gross transportation income. This income is derived from the transportation of people or property that begins or ends in the United States, or from leasing or renting vessels or aircraft in such transportation. The tax is included in "Section I" tax.

[11] For 1987, the statistics may also include data from a small number of returns filed on Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return. This form was new for Tax Year 1987.

Table 1.—Selected Income and Tax Items, by Industrial Division, 1986 and 1987

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Year and item	All industrial divisions	Agriculture, forestry and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1987									
Number of returns, total.....	10,478	330	450	94	208	247	433	8,097	507
With net income.....	3,306	86	150	47	88	*25	181	2,512	202
Total receipts.....	61,004,223	91,794	492,599	195,151	1,549,370	1,371,329	7,464,568	49,020,877	791,265
Business receipts.....	19,971,381	74,803	417,690	171,700	1,515,167	1,353,202	7,422,990	8,407,740	582,635
Interest ¹	37,934,117	4,192	27,247	7,029	5,232	*1,417	10,102	37,860,644	18,184
Total deductions.....	61,130,044	173,065	548,585	198,264	1,641,720	1,737,577	7,508,374	48,456,891	835,377
Cost of sales and operations.....	11,728,444	43,703	166,414	164,304	1,258,767	788,703	7,018,759	2,110,670	162,316
Interest paid.....	36,611,462	13,690	97,520	*8,207	37,789	78,226	38,385	36,271,749	63,884
Net income (less deficit).....	-161,948	-81,312	-56,904	-3,113	-92,350	-366,248	-43,805	525,911	-44,092
Net income.....	2,243,914	4,828	27,518	7,268	31,408	*6,481	34,487	2,097,908	33,716
U.S. income subject to tax.....	1,647,056	*2,203	*1,688	*1,361	*22,392	*5,708	13,193	1,589,956	10,282
Total U.S. income tax ²	669,637	*642	*1,137	*463	*8,663	*2,166	9,199	643,350	3,953
Section II tax.....	644,752	*613	*524	*332	*8,316	*2,126	4,719	624,690	3,387
Branch profits and branch-level interest taxes.....	11,854	*29	*2	—	*338	40	—	9,214	*164
Foreign tax credit.....	52,776	—	—	—	—	—	—	52,776	—
Other credits ³	3,017	—	—	—	*220	—	—	*263	*12
Section I tax.....	30,997	—	—	—	*61	*478	*401	30,017	3
Distributions to stockholders except in own stock.....	107,657	*101	*634	—	—	492	*1,380	105,000	*51
1986									
Number of returns, total.....	11,342	309	551	77	204	144	413	8,970	592
With net income.....	3,631	75	155	*25	62	60	160	2,796	252
Total receipts.....	43,625,980	86,315	318,406	125,979	1,305,108	1,232,267	7,510,200	32,244,709	782,098
Business receipts.....	15,751,678	67,509	293,971	115,215	1,260,288	1,186,518	7,467,765	4,772,429	577,263
Interest ¹	24,292,785	5,383	2,704	3,479	6,501	*3,719	8,465	24,247,782	14,715
Total deductions.....	43,739,001	126,960	535,025	153,273	1,384,786	*1,462,864	7,552,494	31,712,717	807,187
Cost of sales and operations.....	11,802,435	23,225	149,867	108,132	1,018,521	835,915	7,014,183	2,393,305	256,576
Interest paid.....	23,561,904	30,111	106,140	6,680	50,921	50,763	36,746	23,216,551	61,984
Net income (less deficit).....	-139,186	-40,654	-218,909	-27,332	-79,678	-230,597	-506,248	-25,090	-25,090
Net income.....	2,492,836	5,673	8,010	*610	61,783	36,112	56,879	2,251,735	54,392
U.S. income subject to tax.....	1,817,909	*3,627	1,153	*290	50,818	26,065	24,267	1,648,834	45,196
Total U.S. income tax ²	687,783	*1,307	423	*148	23,081	10,370	10,093	620,392	15,665
Section II tax.....	680,695	*1,307	221	*55	23,015	10,039	10,051	614,059	15,873
Foreign tax credit.....	118,341	—	—	—	—	—	—	118,291	*1
Other credits ³	5,794	*87	*15	—	*184	*70	*75	5,029	334
Section I tax.....	12,907	—	*7	*58	*164	*1,870	3	10,712	*9
Distributions to stockholders except in own stock.....	194,903	—	*5,758	—	*5,606	*454	*57,776	119,037	*5,403

¹ Estimate should be used with caution because of the small number of returns on which it is based.² Includes "Nature of business not allocable," which is not shown separately.³ Includes taxable interest received from obligations issued by the U.S. Government, as well as taxable amounts received on loans, notes, mortgages, bank deposits, and corporate bonds.⁴ Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes (for 1987 only). It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States. "Section I" tax, however, is shown separately.⁵ Includes nonconventional source fuel and general business credits for 1986, and just the general business credit for 1987.⁶ Less than \$500 per return.

NOTE: Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

Table 2.—Selected Income and Tax Items, by Selected Country, 1986 and 1987

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Year and country ¹	Number of returns		Total receipts	Business receipts	Total deductions	Cost of sales and operations	Net income (less deficit)	Net income
	Total	With net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1987								
All countries.....	10,478	3,306	61,004,223	19,971,381	61,130,044	11,728,444	-161,948	2,243,914
Japan.....	394	121	21,308,574	1,570,319	20,809,626	328,453	491,337	693,180
Canada.....	1,781	693	12,596,856	7,193,820	12,148,075	2,800,855	452,497	909,012
Switzerland.....	255	85	5,545,289	4,414,913	5,496,043	4,187,763	49,180	74,965
West Germany.....	230	127	3,230,388	1,209,094	3,213,583	988,671	7,122	61,178
Netherlands Antilles.....	4,375	1,186	2,636,847	1,500,968	3,030,625	796,500	-403,409	165,117
Italy.....	15	(*)	2,202,559	26,607	2,318,968	*5,185	—	808
United Kingdom.....	388	167	2,190,206	348,979	2,802,559	171,987	-12,419	41,876
France.....	42	27	1,870,131	78,257	1,964,160	*319	—	34,146
Bermuda.....	100	40	1,329,300	1,191,578	1,330,508	1,164,325	-11,812	28,590
Belgium.....	*12	*6	*1,078,899	*28,124	*1,047,689	—	*31,210	*32,160
1986								
All countries.....	11,342	3,631	43,625,980	15,751,678	43,739,001	11,802,435	-139,186	2,492,836
Japan.....	283	103	11,854,703	671,223	11,102,864	289,769	751,794	853,443
Switzerland.....	271	91	4,809,878	3,704,304	4,672,352	3,428,957	135,847	289,920
Canada.....	1,641	661	4,590,725	1,715,466	4,619,331	1,147,891	-29,038	242,919
Netherlands Antilles.....	5,226	1,361	4,376,141	2,136,602	5,156,602	2,313,831	-784,836	288,458
West Germany.....	238	137	3,335,852	1,604,029	3,247,001	1,387,629	82,427	112,141
United Kingdom.....	407	158	2,622,554	909,573	2,624,273	604,894	-2,017	84,804
Italy.....	25	*3	2,154,544	97,146	2,214,644	*71,003	-60,100	9,666
France.....	43	*20	1,832,224	98,667	1,932,071	*12,293	-99,848	*5,760
Bermuda.....	107	62	1,413,057	1,367,599	1,338,930	1,231,080	74,033	91,461
Netherlands.....	208	69	567,811	54,980	485,264	*24,374	102,547	178,538
Year and country ¹	U.S. income subject to tax	Total U.S. income tax ²	Section II tax	Branch profits and branch-level interest taxes	Foreign tax credit ³	Other credits ³	Section I tax	Distributions to stockholders except in own stock
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1987								
All countries.....	1,647,056	669,637	644,752	11,854	52,776	3,017	30,997	107,657
Japan.....	684,691	256,397	255,053	*198	51,353	*891	*13,629	—
Canada.....	670,621	278,076	277,053	*1,490	—	*218	12,001	42,373
Switzerland.....	37,410	17,700	13,169	*229	—	8	*278	*253
West Germany.....	50,981	22,379	22,288	*4	1,366	*1	*1	*47
Netherlands Antilles.....	71,951	27,179	23,882	2,385	*13	998	829	26,644
Italy.....	—	3	—	—	—	—	—	—
United Kingdom.....	23,736	8,948	8,783	*55	—	*503	*90	*8,131
France.....	*7,032	3,597	*2,739	*307	—	3	—	6,500
Bermuda.....	28,185	12,452	12,280	133	—	*5	*22	10,464
Belgium.....	—	*771	—	—	—	—	*3,943	—
1986								
All countries.....	1,817,909	687,783	680,695	N/A	118,341	5,794	12,907	194,903
Japan.....	745,227	302,213	300,968	N/A	111,713	*746	*222	*2,408
Switzerland.....	231,742	70,021	66,314	N/A	—	*11	*613	*23,120
Canada.....	204,490	87,931	87,576	N/A	*1	285	5,737	55,096
Netherlands Antilles.....	163,107	50,437	49,741	N/A	*573	929	1,805	27,471
West Germany.....	69,698	31,193	31,113	N/A	*1,617	*970	(*)	*3,300
United Kingdom.....	28,091	12,106	12,092	N/A	2,731	*1,749	*26	*6,055
Italy.....	—	—	—	N/A	—	—	—	—
France.....	—	*176	*176	N/A	—	*16	—	151
Bermuda.....	47,847	21,607	21,601	N/A	*46	—	—	*118
Netherlands.....	105,302	49,122	48,472	N/A	—	*251	—	*45,246

¹ Estimate should be used with caution because of the small number of returns on which it is based.² Country is based on the location of incorporation of the foreign corporation.³ Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes (for 1987 only). It excludes "Section I" tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States. "Section I" tax, however, is shown separately.⁴ Includes nonconventional source fuel and general business credits for 1986, and just the general business credit for 1987.⁵ Estimate not shown to avoid disclosure of information.⁶ Less than \$500 per return.

N/A—Not applicable.

NOTE: Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

Foreign Corporations with U.S. Operations, 1987

Table 3.—Selected Items, by Selected Industry and Country Combinations, 1987

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industry	Country ¹	Number of returns	Total receipts	Net income (less deficit)	Net income	U.S. income subject to tax
		(1)	(2)	(3)	(4)	(5)
All Industries	All countries	10,478	61,004,223	-161,948	2,243,914	1,647,056
Banking	Japan	33	20,847,742	573,829	667,462	660,596
Banking	Canada	18	6,770,740	730,162	771,931	576,994
Miscellaneous wholesale trade	Switzerland	6	4,236,954	9,748	12,731	1,517
Insurance	Canada	16	3,966,671	179,679	21,953	20,103
Banking	Italy	10	2,196,362	-114,331	808	—
Banking	West Germany	12	2,035,273	22,357	46,413	45,234
Banking	France	9	1,958,331	2,706	27,097	—
Banking	United Kingdom	20	1,897,266	-9,970	20,832	10,303
Miscellaneous wholesale trade	Switzerland	5	1,138,000	8,004	18,671	7,999
Banking	Bermuda	17	1,103,037	-11,650	560	680
Banking	Belgium	7	1,078,898	31,234	32,180	—
Real estate	Netherlands Antilles	3,422	870,064	-319,793	111,949	48,281
Banking	Australia	5	553,069	10,057	12,731	8,878

Industry	Country ¹	Total U.S. income tax ²	Section II tax	Branch profits and branch-level interest taxes	Credits ³	Section I tax ⁴
		(6)	(7)	(8)	(9)	(10)
All Industries	All countries	666,637	644,752	11,654	55,793	30,997
Banking	Japan	255,022	253,881	—	52,237	13,172
Banking	Canada	242,048	242,047	—	8	9,474
Miscellaneous wholesale trade	Switzerland	3,408	586	214	4	5
Insurance	Canada	7,543	5,519	—	—	1,437
Banking	Italy	3	—	—	—	—
Banking	West Germany	18,152	18,083	—	1,520	—
Banking	France	820	—	271	—	—
Banking	United Kingdom	4,130	4,044	—	486	—
Banking	Switzerland	4,590	3,196	—	—	263
Miscellaneous wholesale trade	Bermuda	370	236	133	—	—
Banking	Belgium	771	—	—	—	3,943
Real estate	Netherlands Antilles	17,984	15,828	2,038	733	565
Banking	Australia	2,968	2,941	—	117	—

¹ Estimate should be used with caution because of the small number of returns on which it is based.² Country is based on the location of incorporation of the foreign corporation.³ Total U.S. income tax includes "Section II" tax, which was based on income effectively connected with a U.S. trade or business, as well as the Personal Holding Company tax, environmental tax, alternative minimum tax, and the branch profits and branch-level interest taxes.⁴ Includes foreign tax and general business credits.⁵ "Section I" tax is excluded from total U.S. income tax since the income from U.S. sources is not effectively connected with the conduct of a trade or business in the United States.

NOTE: Table excludes foreign corporation returns with only income from U.S. sources that was not effectively connected with a U.S. trade or business. Income statement items shown in this table pertain only to the effectively connected income of foreign corporations.

Section 8

U.S. Possessions Corporations

Contents

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"U.S. Possessions Corporation Returns, 1987," p. 339.

Table 1.—Balance Sheets, Income Statements, and Distributions to Stockholders, by Selected Industry, 1987, p. 345.

Table 2.—Tax Benefits, Employment, and Compensation of Employees of U.S. Possessions Corporations, by Selected Industry, 1987, p. 348.

Under Section 936 of the Internal Revenue Code, a domestic corporation can elect to be treated as a U.S. possessions corporation to claim certain tax benefits. To qualify for these benefits, a corporation must receive 80 percent or more of its gross income from sources within a U.S. possession and 75 percent or more of its gross income from the active conduct of trade or business within the U.S. possession.

Corporations that meet the percentage criteria during the applicable period are

allowed a tax credit against their United States income tax liability. The applicable period is the shorter of thirty-six months or the period when the corporation actively conducted business in a possession. The credit is limited to the amount of tax attributable to possessions business income and qualified possessions source investment income. The majority of possessions corporations are located in Puerto Rico and are involved with manufacturing.

The corporations described above differ from companies which are actually incorporated in a U.S. possession. Corporations incorporated in a U.S. possession are regarded as foreign corporations for U.S. tax purposes. They are subject to a withholding tax on certain U.S. source investment income and are subject to taxes on income "effectively connected" with a U.S. trade or business. However, the company incorporated in a U.S. possession is not subject to U.S. tax on foreign source income.

The reader is also referred to Section 15 of this compendium for the forms and instructions related to possessions corporations.

* Form 1120, U.S. Corporation Income Tax Return, and Instructions (p. 459)

* Form 5712, Election to be Treated as a Possessions Corporation Under Section 936, and Instructions (p. 512)

* Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936, and Instructions (p. 520)

* Schedule P (Form 5735), Allocation of Income and Expenses Under Section 936(h)(5), and Instructions (p. 521)

U.S. Possessions Corporations, 1985

A possessions corporation may take a credit equal to that portion of its U.S. tax attributable to income related to activity in U.S. possessions. A possessions corporation is a U.S. corporation that meets two requirements. First, eighty percent or more of the corporation's gross income for the applicable period (generally, the three year period immediately preceding the close of the corporation's taxable year) must be from sources within a U.S. possession. Second, sixty-five percent or more of the corporation's gross income must be derived from the active conduct of a trade or business in a possession.

If these requirements are met, the corporation may credit the portion of its U.S. tax attributable to income from the active conduct of a trade or business within a U.S. possession and qualified possession source investment income. Income from the active conduct of a trade or business within a U.S. possession includes income from the sale of substantially all of the assets used in the active conduct of a trade or business within the possession. Qualified possession source investment income is income attributable to investment in a possession of funds derived from the active conduct of a business in the same possession.

For more information about the rules applicable to U.S. possessions corporations, see Bradford, John J., "U.S. Possessions Corporations, 1987," Statistics of Income Bulletin, Summer 1991, Vol. 11, No. 1, pp. 51-60; Hartzok, Jeff, "U.S. Possessions Corporation Returns, 1983," Statistics of Income Bulletin, Spring 1988, Vol. 7, No. 5, pp. 55-64.

Table 1 contains financial data for the 594 possessions corporations that filed a return for 1985. The data are classified by the industry of the possessions corporation. These 594 possessions corporations reported assets of over \$27.7 billion. They had taxable income of over \$5.3 billion and had a pre-credit tax liability of nearly \$2.5 billion. The corporations utilized the possessions tax credit to reduce this liability by over \$2.4 billion to \$22.9 million.

The largest industry group was Chemical and Allied Products, composed largely of drug manufacturing companies. Of the 109

possessions corporations manufacturing chemicals and allied products, seventy-three returns were filed by drug companies. These returns accounted for about twelve percent of the total number of returns filed. However, drug companies claimed possession tax credits of nearly \$1.1 billion, about forty-five percent of the total amount of possession tax credits taken. The second largest industry group was companies manufacturing electrical and electronic equipment. These companies filed 104 returns, or eighteen of the total number of returns filed. They claimed possession tax credits of \$455.8 million, about nineteen percent of the total possessions tax credits claimed.

Table 2 contains data, classified by selected manufacturing industries, showing the tax benefits derived by possessions corporations from the possessions tax credit, employment in Puerto Rico and compensation of Puerto Rican employees of possessions corporations. These data are for the 365 possessions corporations for which Federal unemployment insurance tax returns were available for statistical processing for 1985. These data were weighted to represent those possessions corporations with manufacturing operations in Puerto Rico. (Of the 497 possessions corporations involved in manufacturing, 459 had operations in Puerto Rico.) Gross compensation includes total wages and estimated employer paid non-payroll costs. Compensation per worker is gross compensation divided by the gross number of workers. Benefits per worker measures the tax benefits to possessions corporations from the possessions tax credit and is equal to the reduction in U.S. tax liability divided by the gross number of workers. These amounts are compared to get the ratio of tax benefits per worker over compensation per worker. This ratio gives an indication of the tax benefits that each corporation received for each dollar spent on Puerto Rican labor. For industries in which the ratio is over 100, possessions corporations received tax benefits in excess of the amount that employees were compensated. Overall, the ratio was 134.6 for 1985 (i.e., tax benefits from the possessions tax credit exceeded compensation for Puerto Rican employees by about thirty-five percent). Most industry groups had ratios below 100. However, a few significant industries, particularly certain industries in the Chemicals and Allied Products industry

group, received tax benefits that were greater than compensation provided by the possessions corporations to their Puerto Rican employees.

U.S. Possessions Corporation Returns, 1985

Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry
(Money amounts are in thousands of dollars)

Item	All Industries	Construction	Manufacturing						Chemicals and allied products	Total
			Total	Food and kindred products	Textile mill products	Apparel and other textile products	Paper and allied products	Printing and publishing		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)
Number of returns.....	594	9	497	32	6	70	7	7		109
Total assets.....	27,734,768	23,752	20,797,980	2,438,869	12,312	629,389	27,733	44,380		9,407,563
Cash.....	5,108,697	253	4,709,278	728,114	2,005	152,838	1,882	932		1,782,754
Notes and accounts receivable.....	4,954,077	12,943	3,720,731	411,237	4,564	239,499	10,045	3,326		1,490,438
Less: allowance for bad debts.....	48,447	30	43,871	8,429	14	219	219	60		3,089
Ending inventories.....	1,956,399	133	1,821,253	281,531	1,416	107,077	3,480	1,160		537,316
Investment in government obligations.....	1,019,254	—	780,401	—	—	1,224	5,357	—		506,458
Other current assets.....	1,477,629	2,853	643,018	23,098	471	17,108	3,614	35,041		338,896
Loans to stockholders.....	248,529	—	240,811	41,760	—	13,020	115	—		67,136
Mortgage and real estate loans.....	2,044,813	—	1,101,151	—	—	1,976	—	—		4,165
Other investments.....	6,509,450	1,039	5,700,366	552,654	3,431	57,105	—	1,496		3,276,424
Depreciable assets.....	5,079,375	12,644	3,607,452	413,563	808	62,769	6,459	5,735		1,552,310
Less: accumulated depreciation.....	1,903,302	8,289	1,388,597	152,629	433	35,842	3,223	3,417		511,259
Depreciable assets.....	3,176,073	3,355	2,218,855	260,934	375	26,927	3,236	2,318		1,041,051
Land.....	130,099	304	89,092	12,297	—	818	209	9		32,507
Intangible assets (amortizable).....	197,008	—	187,295	—	2	547	5	—		137,885
Less: accumulated amortization.....	129,822	—	128,839	—	2	427	2	—		94,016
Other assets.....	990,552	1,893	749,293	133,492	64	11,774	11	168		289,411
Total liabilities and stockholders' equity.....	27,734,768	23,752	20,797,980	2,438,869	12,312	629,389	27,733	44,380		9,407,563
Accounts payable.....	1,575,011	8,360	1,129,542	303,582	154	67,965	784	3,668		312,670
Mortgages, notes and bonds payable in less than 1 year.....	1,310,579	1,381	277,642	53,738	3	8,470	4,415	—		160,851
Other current liabilities.....	4,379,641	3,631	525,166	71,312	175	19,189	371	7,375		249,798
Loans from stockholders.....	52,191	—	46,982	372	5	508	—	—		33,885
Other liabilities.....	688,306	2,833	343,486	38,512	2,273	—	—	248		249,077
Mortgages, notes and bonds payable in 1 year or more.....	330,974	85	234,731	27,184	14	912	2	—		86,423
Capital stock.....	342,828	134	311,115	38,063	137	9,252	305	808		147,180
Paid-in or capital surplus.....	2,043,810	27	1,122,695	98,470	—	16,525	2,154	1,048		325,216
Retained earnings, appropriated.....	7,042	—	6,993	15	—	743	—	—		—
Retained earnings, unappropriated.....	17,095,381	7,337	16,885,072	1,808,064	11,824	484,858	19,702	31,896		7,911,932
Less: cost of treasury stock.....	90,798	15	84,443	1,306	—	—	—	—		69,491
Total receipts.....	16,230,091	52,942	14,444,856	1,877,316	16,302	633,823	29,481	37,545		4,451,887
Business receipts.....	13,178,938	52,192	12,322,456	1,654,928	15,235	606,804	28,707	35,130		3,068,080
Interest, except state and local government obligations.....	1,184,180	379	724,290	86,052	894	20,421	473	2,096		339,675
Interest on state and local government obligations.....	40,439	—	37,246	524	130	1,036	75	115		23,619
Rents.....	411,927	97	4,523	533	42	8	—	—		187
Royalties.....	2,823	—	2,810	—	—	78	—	—		2,711
Net short-term capital gain.....	2,551	—	2,551	—	—	—	—	—		2,551
Net long-term capital gain.....	6,431	164	6,090	1,270	—	29	—	—		1,483
Net gain, noncapital assets.....	10,129	38	1,123	104	2	752	—	5		17
Dividends other than constructive distributions.....	45,018	—	41,123	5,731	—	31	—	—		20,851
Other receipts.....	1,347,845	72	1,302,635	128,174	41	4,630	218	199		992,604
Total deductions.....	10,831,000	54,170	9,241,842	1,368,758	11,823	512,261	23,623	24,072		1,845,056
Cost of sales and operations.....	7,790,815	47,417	7,182,730	1,192,506	9,503	474,253	21,459	16,382		999,625
Compensation of officers.....	24,369	183	10,319	1,998	—	451	—	127		2,403
Salaries and wages.....	402,510	1,066	264,054	29,817	791	7,008	481	2,189		58,212
Repairs.....	140,417	355	39,919	5,810	4	255	18	158		14,470
Bad debts.....	21,450	(7)	4,903	1,624	1	10	23	51		790
Rents paid.....	48,391	89	25,288	1,971	121	1,463	159	331		3,659
Taxes paid.....	215,062	1,016	178,328	16,554	159	8,608	242	675		15,794
Interest paid.....	332,524	444	30,641	8,365	1	539	278	29		13,015
Contributions.....	2,181	2	2,004	340	—	101	—	11		679
Amortization.....	68,462	—	69,297	—	—	—	—	—		1,007
Depreciation.....	281,281	1,538	179,713	21,259	182	2,819	478	541		60,517
Depletion.....	79,616	10	55,498	25,500	1	66	1	301		20,353
Advertising.....	22,466	29	13,848	3,053	—	283	34	110		3,786
Pension, profit-sharing, stock bonus, and annuity plans.....	75,492	123	60,289	7,430	394	3,359	16	112		14,786
Employee benefit programs.....	6,164	—	5,787	365	—	33	—	10		1,013
Net loss, noncapital assets.....	1,318,683	1,897	1,118,928	54,053	465	12,962	635	3,035		634,945
Total receipts less total deductions.....	5,399,091	-1,228	5,203,214	508,560	4,680	121,562	5,658	13,474		2,606,832
Net income (less deficit).....	5,358,652	-1,228	5,165,989	508,037	4,550	120,526	5,583	13,358		2,583,213
Net income.....	5,392,443	464	5,186,326	510,516	4,550	123,299	5,583	13,358		2,588,708
Deficit.....	35,791	1,691	20,358	2,479	—	7,773	—	—		5,495
Net income (less deficit) per book.....	5,336,525	-486	5,134,130	505,992	4,702	116,710	5,492	12,608		2,550,749
Income subject to tax.....	5,335,917	464	5,148,194	503,985	4,550	123,122	5,583	13,358		2,570,543
U.S. income tax before credits: total.....	2,454,673	167	2,368,885	231,824	2,073	56,385	2,508	6,155		1,183,939
Regular and alternative tax.....	2,452,743	167	2,366,955	231,824	2,073	56,385	2,508	6,155		1,182,138
U.S. possessions tax credit.....	2,429,397	53	2,345,927	231,170	1,871	53,864	2,470	6,023		1,169,861
Foreign tax credit.....	1,837	—	—	—	—	—	—	—		19
Research activities credit.....	213	—	—	—	—	—	—	—		—
General business credit.....	284	—	247	8	—	163	—	31		13
Other credits.....	—	—	—	—	—	—	—	—		—
Total U.S. income tax after credits.....	22,943	114	21,543	646	202	2,340	38	101		14,001
Reduction in U.S. tax liability.....	2,150,320	180	2,085,196	209,829	1,780	48,770	2,359	5,507		1,042,602
Distributions to stockholders.....	3,311,232	376	3,165,831	198,060	34	86,505	—	3,998		1,499,169

Footnotes at end of table.

U.S. Possessions Corporation Returns, 1985

Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry—Continued

(Money amounts are in thousands of dollars)

Item	Manufacturing							
	Chemical and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay and glass products	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Number of returns.....	73	5	12	16	4	32	15	104
Total assets.....	8,921,844	878,436	191,430	223,930	35,735	335,025	865,574	3,957,870
Cash.....	1,717,851	154,389	244,530	42,911	2,174	45,727	530,228	916,066
Notes and accounts receivable.....	1,337,599	244,530	42,911	57,734	5,452	53,800	73,777	806,958
Less: allowance for bad debts.....	2,177	39	23	100	15	469	1,096	32,276
Ending inventories.....	475,179	135,156	12,445	33,671	3,857	42,341	123,730	390,498
Investment in government obligations.....	468,874	5,005	15	160	—	—	2,306	192,819
Other current assets.....	313,005	53,420	401	3,328	137	12,241	12,553	73,562
Loans to stockholders.....	38,910	27,045	—	1,719	—	10,266	41	23,932
Mortgage and real estate loans.....	4,185	—	—	1,445	—	—	—	102,354
Other investments.....	3,229,502	77,152	75,595	85,650	—	64,257	20,468	1,010,531
Depreciable assets.....	1,449,793	373,147	66,772	14,568	9,886	106,907	114,538	587,510
Less: accumulated depreciation.....	474,400	196,803	21,526	7,402	6,939	43,680	52,811	255,627
Depreciable assets.....	975,393	176,344	45,246	7,166	2,947	63,227	61,727	331,883
Land.....	28,910	48	4,325	141	—	5,422	1,565	23,392
Intangible assets (amortizable).....	128,911	22,452	47	3	—	1,134	5	4,245
Less: accumulated amortization.....	86,267	17,484	30	2	—	33	2	278
Other assets.....	271,419	418	3,384	1,044	21,182	37,292	40,513	110,575
Total liabilities and stockholders' equity.....	8,921,844	878,436	191,430	223,930	35,735	335,025	865,574	3,957,870
Accounts payable.....	275,606	23,548	7,215	20,837	38,561	33,452	189,494	502,157
Mortgages, notes and bonds payable in less than 1 year.....	151,311	—	6,313	1,933	796	1,210	19,859	18,494
Other current liabilities.....	237,113	8,964	4,284	7,126	573	5,344	25,971	80,142
Loans from stockholders.....	33,052	6,022	111	—	—	—	5,478	13,058
Mortgages, notes and bonds payable in 1 year or more.....	247,960	—	3,888	266	1,500	4,405	1,640	107,467
Other liabilities.....	86,012	527	422	2,202	—	2,786	1,038	24,324
Capital stock.....	132,802	34,403	2,410	2,075	160	5,923	3,892	134,346
Paid-in or capital surplus.....	320,990	403,287	18,800	1,637	428	3,220	3,892	134,346
Retained earnings, appropriated.....	7,506,378	401,436	148,317	194,529	35,549	253,859	769,236	3,377,605
Retained earnings, unappropriated.....	89,478	—	135	6,672	3,500	282	—	57,266
Less: cost of treasury stock.....	—	—	—	—	—	—	—	—
Total receipts.....	4,094,212	1,833,027	126,836	228,845	27,877	344,223	732,462	2,759,388
Business receipts.....	2,778,388	1,806,126	112,449	216,468	25,385	333,992	680,791	2,515,650
Interest, except state and local government obligations.....	324,755	19,018	5,007	3,312	870	8,842	31,990	138,699
Interest on state and local government obligations.....	23,619	111	2,816	104	197	162	—	21
Rents.....	2,895	—	—	—	—	—	—	—
Royalties.....	2,551	—	—	—	—	—	—	—
Net short-term capital gain.....	1,285	—	37	1	—	8	—	241
Net long-term capital gain.....	12	25	(7)	3	5	2	97	45
Net gain, noncapital assets.....	20,887	5,000	—	—	—	—	2,948	780
Dividends other than constructive distributions.....	939,892	68	6,527	3,558	1,420	1,217	19,761	99,012
Other receipts.....	1,854,828	1,706,650	62,285	185,556	24,697	286,887	596,846	1,764,317
Total deductions.....	2,415,760	1,644,344	62,285	185,556	24,697	286,887	596,846	1,764,317
Cost of sales and operations.....	863,924	1,644,344	62,285	185,556	24,697	286,887	596,846	1,764,317
Compensation of officers.....	1,931	196	281	855	763	159	62	1,830
Salaries and wages.....	51,198	12,576	2,283	2,153	304	4,993	30,383	82,084
Repairs.....	14,142	5,622	199	109	107	232	334	1,378
Bad debts.....	596	30	71	36	46	32	1,063	2,289
Rents paid.....	3,007	570	10	396	32	1,330	1,063	2,289
Taxes paid.....	13,433	4,137	1,982	3,631	666	2,352	7,091	21,890
Interest paid.....	12,497	528	625	249	557	911	450	4,683
Contributions.....	657	574	4	43	3	87	481	1,027
Amortization.....	989	300	—	—	—	17	65,221	1,962
Depreciation.....	57,979	18,353	1,003	892	947	6,678	12,229	38,302
Advertising.....	15,963	—	1,145	908	77	43	114	231
Pension, profit-sharing, stock bonus, and annuity plans.....	1,835	285	358	64	45	87	1,930	1,913
Employee benefit programs.....	14,332	3,022	410	1,952	97	1,848	843	17,215
Net loss, noncapital assets.....	968	227	43	3	72	160	1,782	—
Other deductions.....	599,515	10,143	8,332	5,896	987	8,769	36,556	265,427
Total receipts less total deductions.....	2,439,385	126,367	44,551	40,889	3,180	57,338	135,796	995,070
Net income (less deficit).....	2,415,760	123,688	44,551	39,607	3,180	57,338	135,796	995,070
Net income.....	2,421,117	123,688	44,551	39,607	3,180	57,338	135,796	995,070
Deficit.....	5,351	—	—	—	—	—	—	—
Net income (less deficit) per book.....	2,395,964	124,526	43,285	39,687	3,067	51,589	154,062	990,569
Income subject to tax.....	2,403,194	118,688	44,551	39,505	4,061	57,438	137,377	995,747
Regular and alternative tax.....	1,107,001	54,598	20,476	18,183	1,868	26,359	63,096	458,074
U.S. possessions tax credit.....	1,105,199	54,598	20,476	18,183	1,868	26,359	63,096	457,945
Foreign tax credit.....	1,003,244	54,496	20,467	17,437	1,717	25,732	62,883	455,788
Research activities credit.....	65	—	—	540	—	246	—	84
General business credit.....	13	—	2	—	—	—	—	—
Other credits.....	—	—	—	—	—	—	—	—
Total U.S. income tax after credits.....	13,679	100	7	204	151	381	213	2,177
Reduction in U.S. tax liability.....	973,844	44,878	18,773	16,584	1,579	22,161	55,161	406,996
Distributions to stockholders.....	1,410,215	125,448	11,164	9,816	32	44,616	111,928	571,944

Footnotes at end of table.

U.S. Possessions Corporation Returns, 1985

Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry—Continued

(Money amounts are in thousands of dollars)

Item	Manufacturing		Wholesale and Retail Trade			Finance, insurance, and real estate	Services
	Instruments and related products	Total	Wholesale trade	Retail trade			
	(19)	(20)	(21)	(22)	(23)			(24)
Number of returns.....	48	31	23	6	23		29
Total assets.....	1,214,182	200,464	39,019	157,790	5,540,026		155,358
Cash.....	259,542	7,424	6,101	862	356,463		7,696
Notes and accounts receivable.....	133,922	20,725	13,440	4,882	1,083,641		48,055
Less: allowance for bad debts.....	55	493	384	8	790		890
Ending inventories.....	79,279	40,848	10,090	30,175	36,778		4,435
Investment in government obligations.....	67,045	1,361	—	1,361	237,479		12
Other current assets.....	40,261	26,900	3,854	22,904	801,189		2,702
Loans to stockholders.....	53,139	92	61	—	7,604		—
Mortgage and real estate loans.....	—	—	—	—	1,934,662		—
Other investments.....	371,577	39,400	2	39,398	852,262		16,330
Depreciable assets.....	188,823	83,416	4,022	79,202	51,254		78,662
Less: accumulated depreciation.....	63,672	35,041	2,293	32,693	3,387		24,602
Depreciable assets.....	—	—	—	—	—		—
Land.....	5,323	7,816	454	7,362	16,084		9,067
Intangible assets (amortizable).....	20,859	—	—	—	—		9,712
Less: accumulated amortization.....	16,561	—	—	—	—		382
Other assets.....	75,103	8,017	3,672	4,345	166,738		5,159
Total liabilities and stockholders' equity.....	1,214,182	200,464	39,019	157,790	5,540,026		155,358
Accounts payable.....	71,425	45,197	6,737	37,909	329,871		34,816
Mortgages, notes and bonds payable in less than 1 year.....	3,365	13,169	8,282	4,411	991,291		16,743
Other current liabilities.....	2,306	8,566	3,076	—	3,767,050		12,819
Loans from stockholders.....	351	101	100	—	—		4,298
Mortgages, notes and bonds payable in 1 year or more.....	8,217	49,330	140	49,190	196,288		14,284
Other liabilities.....	1,464	5,753	111	5,642	87,565		—
Capital stock.....	42,117	6,075	1,107	4,894	22,934		2,185
Paid-in or capital surplus.....	39,316	11,869	1,102	10,417	38,725		43,388
Retained earnings, appropriated.....	—	—	—	—	—		—
Retained earnings, unappropriated.....	1,015,311	64,865	18,739	46,914	109,411		25,086
Less: cost of treasury stock.....	—	4,261	134	4,127	1,157		920
Total receipts.....	638,663	600,815	75,649	510,613	530,814		157,052
Business receipts.....	742,997	598,086	74,538	509,007	36,771		141,638
Interest, except state and local government obligations.....	54,227	947	423	947	453,816		3,368
Interest on state and local government obligations.....	4,782	101	101	—	3,093		—
Rents.....	282	560	204	357	7,032		—
Royalties.....	12	13	—	—	—		—
Net short-term capital gain.....	—	—	—	—	—		—
Net long-term capital gain.....	3,021	18	16	—	153		7
Net gain, noncapital assets.....	39	3	3	—	8,965		—
Dividends other than constructive distributions.....	6,461	241	6	235	3,655		—
Other receipts.....	26,842	846	344	502	17,330		12,038
Total deductions.....	453,248	587,126	71,089	499,685	485,935		148,730
Cost of sales and operations.....	347,685	457,516	56,427	388,972	20,203		59,891
Compensation of officers.....	927	2,255	423	1,832	10,903		709
Salaries and wages.....	15,641	47,704	4,267	42,667	11,398		30,452
Repairs.....	1,319	3,943	193	3,749	1,949		3,174
Bad debts.....	30	1,000	236	547	1,136		—
Rents paid.....	1,644	7,720	742	7,220	2,252		6,218
Taxes paid.....	5,797	11,232	1,936	9,644	6,258		6,994
Interest paid.....	666	4,067	399	3,668	287,779		1,810
Contributions.....	125	106	7	99	41		28
Amortization.....	520	81	52	8	62		62
Depreciation.....	10,724	5,751	370	5,368	3,859		2,992
Advertising.....	—	533	826	6,387	5,824		8,641
Pension, profit-sharing, stock bonus, and annuity plans.....	1,241	581	27	504	1,447		863
Employee benefit programs.....	5,320	109	29	71	3,866		1,662
Net loss, noncapital assets.....	2,047	10	—	10	—		1
Other deductions.....	59,029	37,118	4,925	29,223	119,709		24,095
Total receipts less total deductions.....	385,415	13,689	4,560	10,728	44,879		8,322
Net income (less deficit).....	380,633	13,588	4,459	10,728	41,786		8,322
Net income.....	390,215	15,228	4,459	10,754	41,810		13,368
Deficit.....	282	1,640	26	24	24		5,046
Net income (less deficit) per book.....	379,882	7,674	3,724	5,560	49,366		6,645
Income subject to tax.....	375,423	14,893	4,324	10,655	23,809		13,310
U.S. income tax before credits: total.....	172,458	6,684	1,853	4,809	10,780		5,991
Regular and alternative tax.....	172,458	6,684	1,853	4,809	10,780		5,991
U.S. possessions tax credit.....	171,437	5,788	1,852	3,934	9,483		5,040
Foreign tax credit.....	—	1	—	845	37		—
Research activities credit.....	213	—	—	—	—		—
General business credit.....	—	29	—	29	9		(9)
Other credits.....	—	—	—	—	—		—
Total U.S. income tax after credits.....	805	3	1	2	1,232		51
Reduction in U.S. tax liability.....	145,969	5,033	1,829	3,198	9,429		5,379
Deductions to stockholders.....	393,255	2,166	1,094	1,071	4,092		3,547

U.S. Possessions Corporation Returns, 1985

Table 2.—Returns of Active Manufacturing U.S. Possessions Corporations: Tax Benefits, Employment, and Compensation of Employees, by Selected Industry¹

(Money amounts are in thousands of dollars, except as noted)

Selected industries	Actual data			Weighted data				
	Number of returns	Reported number of workers	Reported compensation	Number of returns	Gross number of workers	Gross compensation	Compensation per worker (whole dollars)	Benefits per worker (whole dollars)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All manufacturing industries.....	385	82,436	1,380,462	459	97,728	1,597,995	16,352	22,004
Food and kindred products.....	23	9,057	146,825	27	9,452	152,957	16,182	21,078
Textile mill products.....	4	241	2,612	5	393	4,294	10,840	4,525
Apparel and other textile products.....	53	13,957	146,046	61	18,565	193,970	10,448	2,610
Men's and boys' clothing.....	11	3,230	36,830	11	3,359	38,292	11,404	3,399
Women's and children's clothing.....	22	6,754	67,903	28	10,737	108,498	10,104	2,577
Hats, caps, and other accessories.....	10	1,615	20,376	12	2,311	25,953	11,230	2,026
All other textile products.....	10	2,159	21,236	10	2,159	21,236	9,835	2,242
Paper and allied products.....	4	123	1,978	6	145	2,238	15,443	14,807
Printing and publishing.....	6	256	4,731	6	296	4,731	15,986	15,274
Chemicals and allied products.....	77	12,396	293,795	102	16,345	383,671	23,485	63,751
Industrial chemicals, plastics materials, and synthetics.....	10	649	15,705	11	659	15,956	24,209	63,370
Drugs.....	51	10,948	263,933	68	14,184	341,721	24,093	68,660
Soap, cleaners, and toilet goods.....	7	437	8,174	10	868	15,026	17,313	15,377
All other chemical and allied products.....	9	361	5,983	13	634	11,157	17,601	20,589
Rubber and miscellaneous plastic products.....	10	1,469	22,091	12	1,469	22,091	15,043	12,784
Leather and leather products.....	12	3,117	34,269	15	3,588	39,408	10,982	4,496
Footwear, except rubber.....	9	2,961	32,307	12	3,432	37,446	10,912	4,149
Fabricated metal products.....	26	1,663	28,461	31	1,936	32,931	17,008	11,446
Metal cans and containers.....	5	260	4,251	9	534	8,720	16,335	14,997
Cutlery, hand tools, screws, and bolts.....	4	376	5,603	4	376	5,603	14,916	3,602
All other fabricated metal products.....	17	1,027	16,608	19	1,027	16,608	18,123	12,469
Machinery, except electrical.....	11	4,902	91,322	14	5,191	95,345	18,396	10,625
Electrical and electronic equipment.....	79	21,887	355,046	99	25,138	402,456	16,011	16,174
Radio, television, and communication equipment.....	13	2,945	42,107	19	4,902	69,370	14,151	10,639
Electronic components.....	36	6,512	108,849	43	7,170	118,574	16,537	15,073
All other electrical and electronic equipment.....	30	12,431	204,091	37	13,065	214,523	16,419	18,856
Transportation equipment.....	4	695	9,631	4	695	9,631	13,858	7,475
Instruments and related products.....	36	8,888	154,080	44	9,676	166,879	17,246	15,061
Scientific instruments.....	7	1,155	21,746	10	1,615	28,665	17,753	22,424
All other instruments and related products.....	29	7,722	132,334	34	8,061	138,213	17,145	13,587
Miscellaneous manufacturing and manufacturing not allocable.....	13	2,284	35,315	20	3,350	51,792	15,459	11,383

¹ The data contained in this table represent those U.S. possessions corporations for which Federal unemployment tax return data were available for statistical processing for 1985.² Gross compensation of employees is computed by multiplying total wages by 1.235. The additional 23.5 percent reflects employer paid non-payroll costs (such as social security payments) and is supplied by the Office of Tax Analysis.³ To calculate the tax benefit, the qualified possessions source income of each corporation was multiplied by the appropriate corporate tax rate. Credits for taxes paid to possessions governments (such as Puerto Rican income taxes and the "tollgate" tax on dividends) were estimated and subtracted from this amount. The resulting figure was the estimated reduction in U.S. tax liability.

U.S. Possessions Corporation Returns, 1987

By John J. Bradford*

U.S. corporations are allowed a credit for the full amount of U.S. tax liability on certain income derived from sources in the U.S. possessions. For 1987, approximately \$2.8 billion was claimed as possessions tax credit on U.S. corporate income tax returns. This amount was more than 14 percent greater than the 1985 amount. There were 516 active possessions corporations for 1987, representing a decrease of 13 percent from 1985, the most recent prior year for which statistics were compiled.

The vast majority of possessions corporations conducted business in Puerto Rico. For 1987, nearly 97 percent of all U.S. possessions corporations operated in Puerto Rico and virtually all of the total possessions tax credit was claimed by these companies. Figure A shows the number of corporations reporting business activity in each possession [1].

Figure A
Possessions Corporations Filing a Form 5735 in Support of Possessions Tax Credit Claimed, 1987

(Money amounts are in thousands of dollars)

U.S. possession	Number of corporations	Possessions tax credit
Total.....	442	\$2,775,463
Puerto Rico.....	428	2,754,054
U.S. Virgin Islands.....	3	2,885
Guam.....	8	5,705
Other.....	3	12,820

As in past years, manufacturing companies claimed the bulk of the credit. These corporations represented 419 of the 516 possessions corporations. For 1987, almost 97 percent of the total possessions tax credit was claimed by manufacturers. Corporations in the chemicals and allied

products industry claimed the largest share, almost 57 percent, though they represented only 18 percent of all possessions corporations.

BACKGROUND

The main elements of the possessions corporation system of taxation were adopted with the Revenue Act of 1921. These provisions were enacted primarily to help U.S. corporations compete with foreign firms in the Philippines, which was a U.S. possession until 1946. An exemption from taxation on all income derived from sources outside the United States was granted to those corporations which met two gross income tests. First, the corporation had to derive at least 80 percent of its gross income from U.S. possessions. Second, 50 percent or more of the corporation's gross income had to come from the active conduct of trade or business in these possessions. For a corporation to qualify for this exemption, these conditions had to be met on an aggregate basis for the year of the exemption and the previous 2 years.

The Tax Reform Act of 1976 created a new section 936 of the Internal Revenue Code for the possessions corporation system of taxation. The new section significantly modified the previous provisions. Before the changes, a possessions corporation was allowed an exemption from U.S. taxation on all income derived from sources outside the United States. The 1976 Act granted a tax credit only on (1) income from the active conduct of trade or business in a possession and (2) "qualified possessions source investment income" (see "Explanations of Selected Terms").* This new statute was enacted entirely for the benefit of Puerto Rico [2].

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) significantly altered the manner of determining

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

the taxable income of a possessions corporation by adding a new subsection (h) to section 936. This subsection provided that, in general, income of the possessions corporation from "intangibles," such as patents and copyrights, would be taxable to the U.S. shareholders. The purpose was to "lessen the abuse caused by taxpayers claiming tax-free income generated by intangibles developed outside of Puerto Rico [3]." However, the section also allowed for an election out of the general rule if the corporation demonstrated that it had a significant business presence in a possession with respect to a specific product or type of service. To demonstrate a significant business presence, a corporation had to satisfy either a value-added test or a direct labor test [4]. Eligible corporations could choose to allocate income between the possessions corporation and the U.S. parent through either the cost sharing or profit-split method [5].

With the Tax Reform Act of 1986, several modifications were made to the possessions provisions. One of the most important changes increased to 75 percent the required percentage of the corporation's income which had to come from the active conduct of trade or business in the particular possession. Also, the U.S. Virgin Islands was added to the list of eligible U.S. possessions. Congress retained the possessions tax credit provisions despite recommendations from both the Treasury Department and the President that it be replaced with a wage credit. The wage credit would have operated by granting a tax credit for a fixed dollar amount per hour worked by each employee.

Since 1948, Puerto Rico has provided its own tax incentives to companies involved in manufacturing and other business activities. The Government of the Commonwealth grants partial exemptions from income tax and other taxes for specified periods of time. However, in addition to its income tax, Puerto Rico imposes a "tollgate tax" on dividends paid out of Puerto Rican source earnings and profits to a U.S. or foreign parent corporation. Most countries impose similar taxes. This withholding rate ranges from a high of 25 percent to a low of 5 percent [6].

A corporation can elect the status of a possessions corporation by filing a Form 5712, Election to be Treated as a Possessions Corporation under Section 936. The election is valid for 10 years and cannot be revoked. For each year that the election is valid, the corporation must file a Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936, even if no

possessions credit is claimed. In general, the term "possessions corporations" refers to all corporations which made the election and filed a Form 1120.

DATA HIGHLIGHTS

For 1987, there were 516 active possessions corporations, a decrease from the 594 corporations for 1985. The reduction in the number of possessions corporations may be a reflection of the uncertainty of the fate of the possessions provisions during the negotiations of the Tax Reform Act of 1986. In addition, mergers and acquisitions may have accounted for some of the difference.

The estimated reduction in U.S. tax liability as a result of the possessions tax credit for 1987 was approximately \$2.4 billion. This amount was less than the total possessions tax credit claimed because possessions corporations could not claim certain other tax benefits which would have otherwise been available to them [7]. As a result of the possessions credit, total U.S. income tax liability of possessions corporations amounted to only \$30.2 million, although these companies generated net income of almost \$7.1 billion. Most of these taxes were attributed to income derived from sources outside of the possessions.

Of the 516 possessions corporations which filed Forms 1120 for 1987, 452 claimed the possessions credit. As for the 64 corporations which claimed no possessions credit for 1987, the bulk of these, 55, had no taxable income. Forty of those corporations reported losses and, therefore, claimed no credit. Although the number of corporations which have claimed the possessions credit has declined over the years, the amount of the credit has increased steadily (Figure B).

Figure B
Corporations Claiming the Possessions Tax Credit,
1983-1987

(Money amounts are in billions of dollars)

Year	Number of corporations	Possessions tax credit
1983	553	\$2.0
1985	510	2.4
1987	452	2.8

Table 1 includes balance sheet and income statement data for all active possessions corporations. For 1987, 419 of the 516 possessions corporations reported a

manufacturing business activity. The predominance of manufacturing firms in Puerto Rico reflects the incentives which the Commonwealth has enacted to attract manufacturers. Under Puerto Rico's Industrial Incentive Act, most U.S. corporations which have established manufacturing subsidiaries on the island have been granted exemptions, up to 100 percent, from Puerto Rican taxes. For 1987, all Puerto Rican corporations paid an average of 3.7 percent of their earnings in taxes to the Commonwealth [8].

The industrial classification with the largest number of possessions corporations was chemicals and allied products, with 93 companies or approximately 18 percent of the total. These companies, which are predominantly drug manufacturers, also reported 56 percent of the income subject to tax and claimed 57 percent of the tax benefits claimed by all possessions corporations. This is a reflection of the rapid growth of the chemical industry in Puerto Rico during the 1970's [9]. For 1985, there were 109 possessions corporations in the chemicals and allied products industry and these companies claimed 48 percent of the tax benefits.

For 1987, the second largest industrial classification was electrical and electronic equipment. These 74 companies claimed approximately 16 percent of the total possessions tax credit. Figure C shows the percentages of corporations and possessions tax credit by industry for 1987.

For possessions corporations as a whole, average net income (less deficit) increased more than 51 percent from 1985 to 1987, to almost \$13.7 million. Similarly, average asset size grew almost 38 percent to \$64 million. These increases are reflections of the economic recovery of the mid-1980's which had spread to U.S. possessions. Earlier in the decade, the economic recession had been particularly hard on Puerto Rico. However, from 1985 to 1987, the Gross National Product (GNP) of Puerto Rico grew by more than 14 percent [10]. This compares favorably to the 12.7 percent GNP growth rate for the United States [11].

The largest corporations (as classified by size of assets) claimed the bulk of the possessions tax credit. The largest 20 corporations (less than 4 percent of all possessions corporations) claimed 48 percent of the total credit amount. Furthermore, the largest 50 corporations (ap-

proximately 10 percent of the total) claimed 66 percent of the credit.

EMPLOYMENT DATA

The stated objective of the possessions tax credit provisions was to provide jobs to the U.S. possessions by attracting employment-producing investment from U.S. firms. Unemployment has been a chronic problem in Puerto Rico, where the unemployment rate has not fallen below 10 percent since 1950 and has averaged more than twice the rate of the United States [12].

An examination of Federal unemployment insurance tax returns (Forms 940) for possessions corporations involved in manufacturing industries provides an indication of how the provisions have aided the Puerto Rican economy [13]. A total of 100,916 workers were employed by manufacturing possessions corporations for 1987, compared to 122,471 employed by all manufacturing firms in Puerto Rico. The average annual wages for employees of manufacturing possessions corporations amounted to \$17,818. This compares to an average annual wage of \$11,173 for all production workers in the Commonwealth [14].

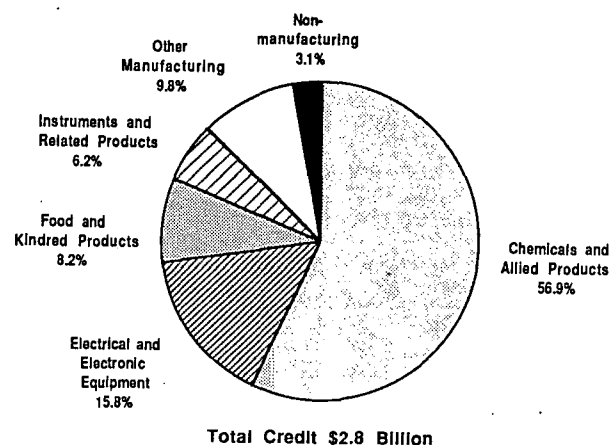
Table 2 presents tax benefit, employment, and compensation information classified by industry for Puerto Rican manufacturing corporations for which Federal unemployment data were available. Chemical companies, particularly drug manufacturers, claimed the highest amount of tax benefits per worker employed. Drug companies received nearly \$71,000 in tax benefits per worker and all chemical companies averaged more than \$65,000. For all possessions corporations, the average tax benefit per employee was \$16,835, about \$1,000 less than the average wage (\$17,818).

SUMMARY

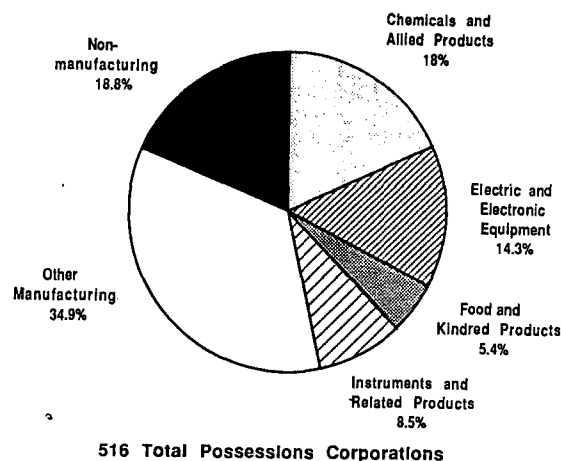
Though the number of corporations claiming the possessions tax credit continued to decline for 1987, the amount of the credit continued to increase. For 1987, U.S. corporations claimed approximately \$2.8 billion as possessions tax credit, resulting in a net reduction of U.S. tax liability of more than \$2.4 billion.

Puerto Rico remained the most common business location for possessions corporations to conduct business, with 97 percent of the total. Nearly 100 percent of the tax credit was claimed by these corporations.

Figure C
Percentage of Possessions Tax Credit by Industry, 1987



Percentage of Possessions Corporations by Industry, 1987



As in past years, manufacturing companies claimed the bulk of the credit. These corporations represented 419 of the 516 possessions corporations. For 1987, almost 97 percent of the total possessions tax credit was claimed by manufacturers. Corporations in the chemicals and allied products industry claimed the largest share, almost 57 percent, though they represented only 18 percent of possessions corporations.

Possessions corporations employed over 100,000 people for 1987, a 3 percent increase from 1985. The average tax benefit per worker for manufacturing possessions companies amounted to \$16,835.

EXPLANATION OF SELECTED TERMS

Qualified Gross Income in Current Year -- The sum of gross income (gross receipts minus cost of sales and operations) from the active conduct of a trade or business in the possessions, the net gain (or loss) from the sale or exchange of assets used by a possessions corporation in the active conduct of business, and "qualified possessions source investment income."

Qualified Possessions Source Investment Income -- Non-business income derived from the possession in which the possession had its trade or business and which was attributable to the investment of funds derived from such trade or business.

DATA SOURCES AND LIMITATIONS

The statistics in this article were compiled from all returns filed through June 1989 by U.S. possessions corporations with accounting periods ending between July 1987 and June 1988. Because 100 percent of the returns filed were prescribed for inclusion in the sample, the statistics are not subject to sampling error. General information regarding nonsampling error may be found in the Appendix to this report.

Information from Forms 1120 for possessions corporations was transferred from the annual Corporation Statistics of Income study. Additional data items from Forms 5712, 5735, and 940 were later obtained.

The statistics in this article may differ slightly from the data presented in the U.S. Department of the Treasury report, *The Operation and Effect of the Possessions Corporation System of Taxation for 1987*. These differences are due to minor revisions made to the underlying data by

the Office of Tax Analysis for estimates made in its report to Congress.

NOTES AND REFERENCES

- [1] The estimated reduction in U.S. tax liability was calculated by obtaining the "qualified taxable income" of each possessions corporation. This amount was found on Line 10 of the Form 5735. If the corporation did not file a Form 5735, then the sum of "taxable income" (Line 30, Form 1120) was used as a proxy. From these figures, an approximation of the accelerated depreciation deduction was calculated and subtracted. Once this reduced taxable income was obtained, it was multiplied by the appropriate tax rate. For 1987, an additional consideration had to be made for the change in the corporate tax structure which was effective July 1, 1987. Credits for taxes paid to possessions Governments (such as Puerto Rican income taxes and the "tollgate" tax) were estimated and subtracted from the tax liability since, in the absence of the possessions tax credit, these taxes would be creditable under the foreign tax credit provisions.
- [2] For the purposes of the possessions tax credit provisions, the eligible U.S. possessions include Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, the Northern Marianas, and other smaller U.S. territories.
- [3] Davidson, Ann, "A Credit for All Reasons," *University of Miami Inter-American Law Review*, Fall, 1987, pp. 97-136.
- [4] U.S. Department of the Treasury, *The Operation and Effect of the Possessions Corporation System of Taxation*, Sixth Report, p. 9. Prior to the revisions in 1982, U.S. corporations could development certain technologies, arrange for a transfer of such an "intangible" to a possessions corporation, and the resulting income would be free from U.S. taxation.
- [5] *Ibid.*, p. 9.
- [6] *Ibid.*, p. 10.
- [7] *Ibid.*, p. 12.
- [8] This figure was supplied by the U.S. Department of the Treasury, Office of Tax Analysis.

[9] Davidson, p. 120.

[10] *Economic Report to the Governor*, Puerto Rico Planning Board, 1990. The statistics in this source were based on calendar year 1987 while the Statistics of Income figures were based on corporations with accounting periods ending between July, 1987 and June, 1988.

[11] U.S. Bureau of Economic Analysis, *Survey of Current Business*, July, 1988.

[12] Tax Analysts, *Tax Notes*, Volume 36, number 10, September 7, 1987, p. 945.

[13] Possessions corporations outside of the manufacturing sector were not included in this analysis because they were presumed to pay income taxes to Puerto Rico at a rate at least equal to the effective U. S. corporate rate. In the absence of the possessions provisions, these non-manufacturing companies would be eligible for a foreign tax credit for the amount of these taxes. Therefore, U.S. tax liability would be effectively nullified for these corporations in the absence of the possessions provisions.

[14] U.S. Department of Commerce, Bureau of the Census, *1987 Economic Censuses of Outlying Areas: Puerto Rico*, July, 1990.

Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry
[Money amounts are in thousands of dollars]

Item	All industries	Agriculture, forestry and fishing	Manufacturing						Chemicals and allied products
			Total	Food and kindred products	Textile mill products	Apparel and other textile products	Paper and allied products	Printing and publishing	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns.....	516	4	419	28	5	57	7	5	93
Total assets.....	33,183,925	41,337	24,375,852	2,792,280	13,414	570,028	19,301	56,187	11,725,444
Cash.....	5,819,543	182	5,277,238	1,420,954	2,010	29,401	496	2,364	1,863,705
Notes and accounts receivable.....	6,721,648	13,804	4,859,762	360,208	8,828	340,333	7,887	7,707	2,287,069
Less: allowance for bad debts.....	35,912	—	17,505	6,133	83	333	121	61	4,886
Ending inventories.....	1,953,225	12,992	1,811,620	236,581	2,338	86,989	3,038	1,404	568,878
Investment in government obligations.....	1,031,552	—	645,884	291	—	2,558	2,365	—	452,532
Other current assets.....	1,546,763	1,616	1,026,261	72,890	101	19,887	95	35,058	447,766
Loans to stockholders.....	95,596	—	167,862	4,656	—	3,702	—	—	42,319
Mortgage and real estate loans.....	2,912,182	—	105,064	—	—	—	—	—	1,200
Other investments.....	7,702,153	4,997	6,708,361	105,357	—	27,821	—	325	4,421,708
Depreciable assets.....	6,161,297	11,758	4,315,518	432,556	891	84,729	8,335	7,737	2,064,073
Less: accumulated depreciation.....	2,329,662	4,033	1,690,853	153,687	786	43,268	3,517	4,380	729,642
Depreciable assets.....	3,700	—	3,154	911	—	—	—	—	—
Land.....	131,900	—	87,274	12,450	—	692	471	9	44,809
Intangible assets (amortizable).....	295,835	32	238,349	31,025	2	1,532	21	5,919	103,511
Less: accumulated amortization.....	120,053	10	118,155	6,221	4	123	4	—	72,812
Other assets.....	1,192,763	—	907,420	114	—	18,107	234	106	235,212
Total liabilities and stockholders' equity.....	33,183,925	41,337	24,375,852	2,792,280	13,414	570,028	19,301	56,187	11,725,444
Accounts payable.....	2,382,749	5,116	1,640,383	265,533	266	150,690	980	3,230	750,593
Mortgages, notes and bonds payable in less than 1 year.....	1,799,454	14,340	624,260	95,610	11	24,489	—	—	223,275
Other current liabilities.....	4,980,770	1,546	631,672	71,551	18	17,880	1,242	17,668	159,247
Loans from stockholders.....	75,261	—	51,589	—	224	1,128	171	—	21,407
Mortgages, notes and bonds payable in 1 year or more.....	432,658	2,643	175,730	43,490	—	6,912	—	194	85,921
Other liabilities.....	917,307	—	299,482	87,623	—	3,914	199	277	132,260
Capital stock.....	433,495	13,051	334,044	21,575	96	13,567	472	691	186,670
Paid-in or capital surplus.....	2,521,808	149	1,356,449	135,094	—	24,127	1,596	1,048	347,349
Retained earnings, appropriated.....	1,334	—	1,126	—	—	122	1	—	—
Retained earnings, unappropriated.....	19,677,072	4,492	19,286,705	2,072,818	12,798	334,354	14,931	33,654	9,808,534
Less: cost of treasury stock.....	37,983	—	25,649	814	—	7,156	290	594	13
Total receipts.....	20,024,448	81,152	17,393,500	2,112,331	11,005	666,127	25,000	35,937	6,611,605
Business receipts.....	16,499,405	80,632	14,540,816	1,864,732	10,880	658,840	24,327	29,878	4,684,305
Interest, except state and local government obligations.....	1,194,280	234	689,974	93,358	—	2,609	101	1,955	351,724
Interest on state and local government obligations.....	41,288	—	39,019	6,432	96	271	185	—	15,424
Rents.....	21,437	—	4,753	867	—	2	—	—	214
Royalties.....	7,075	—	6,777	—	—	—	—	—	6,777
Net short-term capital gain.....	1,545	—	1,544	—	—	32	10	—	1,420
Net long-term capital gain.....	16,451	—	16,110	18	—	182	66	85	13,419
Net gain, noncapital assets.....	16,772	—	2,901	14	(2)	94	—	—	924
Dividends other than constructive distributions.....	18,049	—	12,679	31	—	63	—	—	8,585
Other receipts.....	2,208,146	286	2,078,927	146,879	29	4,035	311	4,020	1,528,813
Total deductions.....	12,915,582	76,488	10,530,939	1,525,687	9,823	568,731	20,129	22,767	2,616,199
Cost of sales and operations.....	8,978,529	63,687	7,869,864	1,255,928	8,657	519,457	18,081	12,616	1,466,423
Compensation of officers.....	30,071	—	2,767	—	—	497	30	191	2,171
Salaries and wages.....	430,259	2,079	230,390	40,260	275	10,334	474	2,399	49,098
Repairs.....	168,125	997	46,813	9,193	15	499	18	160	15,549
Bad debts.....	29,705	—	4,014	1,212	43	34	11	66	66
Rents paid.....	53,760	123	27,711	2,928	25	1,492	157	312	3,786
Taxes paid.....	158,068	2,914	109,593	12,495	340	13,576	467	684	19,457
Interest paid.....	306,609	1,102	29,174	8,978	1	2,617	8	110	5,483
Contributions.....	4,902	(2)	4,732	473	1	32	1	19	1,823
Amortization.....	14,964	3	9,586	29	—	15	—	594	1,535
Depreciation.....	362,535	1,301	209,951	25,263	62	4,208	346	538	86,312
Depletion.....	1,294	—	1,294	864	—	45	—	—	42
Advertising.....	71,564	6	43,983	28,117	(2)	80	1	361	5,924
Retain, profit-share, stock bonus and annuity plans.....	20,106	—	12,955	2,567	—	296	4	126	3,867
Employee benefit programs.....	74,084	138	55,298	10,117	31	2,077	49	135	15,035
Net loss, noncapital assets.....	4,357	—	4,305	925	—	11	—	—	1,748
Other deductions.....	2,206,635	3,935	1,860,952	123,772	374	13,461	462	4,235	938,607
Total receipts less total deductions.....	7,108,864	4,666	6,862,561	586,644	1,182	97,396	4,872	13,141	3,993,406
Net income (less deficit) per books.....	7,067,819	4,666	6,823,657	580,212	1,086	97,140	4,867	13,141	3,977,962
U.S. income tax before credits: total.....	2,819,720	1,917	2,718,974	225,191	403	39,499	4,689	13,141	1,596,489
Regular and alternative tax.....	2,817,059	1,917	2,717,322	228,382	403	39,499	4,689	13,141	1,596,489
U.S. possessions tax credit.....	2,784,931	1,858	2,697,350	227,530	403	39,467	4,689	13,141	1,583,862
Foreign tax credit.....	—	—	—	—	—	—	—	—	—
General business credit.....	4,774	—	525	11	—	—	—	—	228
Total U.S. income tax after credits.....	155	35	91	—	—	—	—	—	25
Reduction in U.S. tax liability.....	30,212	24	22,314	1,568	—	32	—	5	15,436
Distributions to stockholders.....	2,410,248	1,647	2,328,214	188,966	384	35,099	1,697	3,994	1,379,902
Total distributions to stockholders.....	2,938,289	—	2,789,608	398,374	—	14,546	412	18,535	1,418,123

Footnotes at end of table.

U.S. Possessions Corporation Returns, 1987

Table 2.—Returns of Active Manufacturing U.S. Possessions Corporations: Tax Benefits, Employment, and Compensation of Employees, by Selected Industry¹
(Money amounts are in thousands of dollars, except as noted)

Selected industries	Actual data			Weighted data				
	Number of returns	Reported number of workers	Reported compensation	Number of returns	Gross number of workers	Gross compensation ²	Compensation per worker (whole dollars)	Tax benefits per worker (whole dollars) ³
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All manufacturing industries.....	299	78,253	1,394,188	397	100,916	1,798,127	17,818	16,635
Food and kindred products.....	17	8,731	147,981	25	10,364	174,072	16,795	17,338
Textile mill products.....	3	233	4,185	4	255	4,581	17,984	1,215
Apparel and other textile products.....	42	13,455	146,751	53	17,363	187,131	10,778	2,022
Men's and boys' clothing.....	8	4,076	47,272	12	4,546	52,727	11,597	2,585
Women's and children's clothing.....	20	6,383	67,177	24	7,004	73,711	10,524	2,164
Hats, caps, and other accessories.....	7	1,009	10,353	10	1,987	21,949	11,048	1,465
All other textile products.....	7	1,987	21,949	7	1,987	21,949	11,048	1,302
Paper and allied products.....	3	119	2,125	6	135	2,452	18,098	12,522
Printing and publishing.....	4	235	3,750	4	235	3,750	15,976	11,594
Chemicals and allied products.....	62	13,351	352,184	89	21,116	546,680	25,890	65,173
Industrial chemicals, plastics materials, and synthetics.....	6	549	15,556	11	1,012	27,694	27,362	45,476
Drugs.....	42	11,751	316,298	60	18,384	486,654	26,471	70,788
Soap, cleaners, and toilet goods.....	9	738	14,376	9	738	14,376	19,493	19,481
All other chemical and allied products.....	5	314	5,854	9	962	17,957	18,291	14,655
Petroleum (including integrated) and coal products.....	3	665	25,634	5	716	27,602	38,549	37,170
Rubber and miscellaneous plastics products.....	9	1,839	29,573	15	2,449	39,119	15,972	10,099
Leather and leather products.....	12	3,037	32,735	15	4,036	43,600	10,802	3,015
Footwear, except rubber.....	8	2,754	29,418	11	3,753	40,283	10,734	2,791
All other leather products.....	4	283	3,317	4	283	3,317	11,714	5,982
Fabricated metal products.....	22	2,689	44,063	29	3,189	52,130	16,348	5,793
Metal cans and containers.....	4	1,292	21,577	6	1,559	25,997	16,670	3,463
Cutlery, hand tools, screws, and bolts.....	4	335	4,294	5	384	4,828	12,048	2,723
All other fabricated metal products.....	14	1,063	18,391	18	1,245	21,505	17,270	9,658
Machinery, except electrical.....	5	2,794	69,440	6	2,799	69,582	24,858	17,216
Electrical and electronic equipment.....	60	19,770	333,493	73	23,180	390,793	16,859	16,450
Radio, television, and communication equipment.....	11	2,684	41,265	16	3,803	58,696	15,433	17,945
Electronic components.....	26	5,281	93,325	31	7,181	126,643	17,635	14,739
All other electrical and electronic equipment.....	23	11,805	198,903	26	12,195	205,453	16,847	16,995
Transportation equipment.....	4	838	12,390	5	858	12,689	14,795	7,731
Instruments and related products.....	32	6,473	130,854	43	7,071	143,685	20,319	21,374
Scientific instruments.....	5	774	19,207	9	1,040	25,728	24,750	50,405
All other instruments and related products.....	27	5,699	111,647	34	6,032	117,957	19,556	16,370
Miscellaneous manufacturing and manufacturing not allocable.....	17	2,912	44,005	19	3,115	47,333	15,193	8,125

¹ The data contained in this table represent those U.S. possessions corporations for which Federal unemployment tax return data were available for statistical processing for 1987.
² Gross compensation of employees is computed by multiplying total wages by 1.235. The additional 23.5 percent reflects employer paid non-payroll costs (such as social security payments) and is supplied by the Office of Tax Analysis.
³ To calculate the tax benefit, the qualified possessions source income of each corporation was multiplied by the appropriate corporate tax rate. Credits for taxes paid to possessions governments (such as Puerto Rican income taxes and the "tollgate" tax on dividends) were estimated and subtracted from this amount. The resulting figure was the estimated reduction in U.S. tax liability.

Section 9

International Boycotts

Contents

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1986 Tables:

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Table 2.—Tax Effects of International Boycott Participation, by Type of Person Filing Boycott Reports, 1986, p. 352.

Table 3.—Operations in Boycotting Countries and Types of Boycott Requests and Agreements, by Country Requesting the Boycott, 1986, p. 353.

U.S. persons with operations in boycotting countries are required to report separately to the Internal Revenue Service their business operations in those countries, as well as requests and agreements to participate in, or cooperate with, international boycotts (other than boycotts sanctioned by the U.S. Government). The reporting requirement has been effective since 1976. Most boycott requests are made by countries which belong to the League of Arab States. These boycott requests are usually directed against Israel. The requests are related to business or commercial activities, and are categorized into five groups.

Under the Tax Reform Act of 1976, persons who agree to participate in, or cooperate with, unsanctioned international boycotts can be penalized by the loss of certain U.S. tax benefits. These lost benefits include the foreign tax credit (Sections 2 and 8 of this compendium) and the deferral of taxation on the earnings of Controlled Foreign Corporations (Section 3), Foreign Sales Corporations (Section 4) and Interest Charge-Domestic International Sales Corporations (Section 5). Apart from the tax consequences, a person may be subject to a fine imposed by the Department of Commerce under the provisions of the 1979 Export Administration Act.

The basis of the statistics tabulated for the international boycott report studies is Form 5713 and related schedules, listed below. Forms and schedules are reproduced in Section 15 of this compendium. For an explanation of the types of boycott requests contained in Tables 1 and 2, see page 516 of the Forms and Instructions.

* Form 5713, International Boycott Report, and Instructions (p. 513)

* Schedule A (Form 5713), Computation of the International Boycott Factor (p. 517)

* Schedule B (Form 5713), Specifically Attributable Taxes and Income (p. 518)

* Schedule C (Form 5713), Tax Effect of the International Boycott Provisions (p. 519)

International Boycotts Participation, 1986

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Table 1.—Operations in Boycotting Countries and Types of Boycott Requests and Agreements, by Type of Person Filing Boycott Reports and Size of Total Assets of Active Corporations

Table 1.—Operations in Boycotting Countries and Size of Total Assets of Active Corporations												
Type of person and size of total assets of active corporations	Number of returns	Operations in boycotting countries involved in boycotting		Number of persons receiving requests	Requests to participate in or cooperate with an international boycott							Number of persons who agreed to participate
		Israel	Other countries		Number of return occurrences of requests made, by type of request:							
					Total	Type 1	Type 2	Type 3	Type 4	Type 5		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
All persons, total	2,104	10,954	824	533	532	412	202	221	154	421	44	
All active corporations, total	1,900	9,941	815	419	418	298	105	116	58	309	44	
Assets zero or not reported	119	490	19	13	13	12	6	7	6	10	—	
\$1 under \$10,000,000	562	2,454	139	86	86	62	20	36	18	64	9	
\$10,000,000 under \$100,000,000	379	1,560	77	65	65	48	14	19	8	48	3	
\$100,000,000 under \$250,000,000	174	719	55	28	28	19	5	4	3	19	3	
\$250,000,000 under \$500,000,000	114	567	73	29	29	22	3	3	—	20	3	
\$500,000,000 under \$1,000,000,000	129	763	39	29	29	16	5	4	22	130	26	
\$1,000,000,000 or more	423	3,388	413	169	168	116	52	42	22	130	26	
\$500,000,000 or more	423	3,388	413	169	168	116	52	42	22	130	26	
\$1,000,000,000 or more	423	3,388	413	169	168	116	52	42	22	130	26	
Active FSC and IC-DISC corporations (included above)	303	1,636	88	48	48	39	13	14	9	38	7	
Individuals	100	499	—	87	87	81	81	81	80	88	—	
All other persons	104	514	—	27	27	27	16	24	16	26	—	

* Data deleted to avoid disclosure of information for specific persons.

International Boycotts Participation, 1986

Table 2.—Tax Effects of International Boycott Participation, by Type of Person Filing Boycott Reports

(Money amounts are in thousands of dollars)

Type of person	Tax benefits prior to boycott reduction							
	Foreign tax credit		Deferred earnings of CFC		IC-DISC deferred income		FSC exempt income	
	Number of returns	Amount before boycott reduction	Number of returns	Earnings before boycott reduction	Number of returns	Income before boycott reduction	Number of returns	Exempt income before boycott reduction
All persons, total	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All active corporations	2,104	616	20,582,894	450	23,728,079	77	28,280	2,148,287
All other persons	1,900	572	20,576,398	372	23,725,409	77	28,280	—
	204	44	6,496	78	670	—	—	—
Type of person	Tax effect of the international boycott provisions							
	Boycott factor method				Denial of foreign trade income exemption of FSC			
	Number of returns electing method	Number of returns	Before boycott adjustment	Amount of reduction	Credit after reduction	Number of returns	Foreign sales corporations	Exempt foreign trade income
All persons, total	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
All active corporations	14	8	470,978	687	470,290	4	35,129	37
All other persons	—	—	—	—	—	—	—	—
Type of person	Tax effect of the international boycott provisions—continued							
	Boycott factor method—continued				Denial of subpart F boycott income deferral			
	Controlled foreign corporations		Subpart F		Controlled foreign corporations		Subpart F	
	Number of returns	Earnings and profits after taxes	Includable income before boycott adjustment	Earnings and profits less includable income	Number of returns	Earnings and profits after taxes	Includable income before boycott adjustment	Earnings and profits less includable income
All persons, total	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
All active corporations	8	1,084,752	322,512	762,240	—	—	—	—
All other persons	—	—	—	—	—	—	—	—
Type of person	Tax effect of the international boycott provisions—continued							
	Specifically attributable taxes and income method				IC-DISC boycott income			
	Number of returns electing method	Reduction in taxes eligible for foreign tax credit	Subpart F boycott income	IC-DISC boycott income	Number of returns	FSC boycott income	Number of returns	FSC boycott income
All persons, total	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
All active corporations	26	14	432	19	2,968	—	—	—
All other persons	—	—	—	—	—	—	—	—

* Data deleted to avoid disclosure of information for specific persons.

International Boycotts Participation, 1986

Table 3.—Operations in Boycotting Countries and Types of Boycott Requests and Agreements, by Country Requesting the Boycott

Country	Operations in countries boycotting		Number of persons receiving requests	Number and type of requests						Number of persons agreeing to participate	Number and type of agreements total
	Israel	Other countries		Total	Type 1	Type 2	Type 3	Type 4	Type 5		
	(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
All countries, total	10,954	824	533	11,246	3,548	2,287	740	517	4,154	44	1,450
Bahrain	952	3	129	498	94	163	9	3	229	13	30
Iran	690	13	229	1,624	621	233	162	74	534	16	30
Jordan	814	4	96	601	131	224	15	230	20	156	
Kuwait	1,211	35	224	1,991	486	409	25	37	1,034	19	228
Libanon	709	3	43	164	13	88	4	-	59	10	18
Ukraine	448	5	68	491	284	27	27	20	133	5	136
Yemen	845	9	117	624	244	182	161	14	543	14	51
Other	686	9	84	414	82	161	14	14	143	10	51
Oman	1,541	12	313	1,957	516	429	248	180	584	17	137
Saudi Arabia	575	3	98	503	189	65	50	39	160	13	29
Syria	1,122	11	30	1,365	449	239	82	74	541	16	248
United Arab Emirates (UAE)	410	-	27	59	22	9	-	-	28	4	5
Yemen (People's Republic)	294	-	27	-	-	-	-	-	-	-	-

* Data deleted to avoid disclosure of information for specific persons.

Note: Country amounts do not sum to totals because selected countries are not included.

Section 10

Individual Foreign Tax Credit and Foreign Earned Income

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The income of U.S. citizens and residents is subject to the U.S. income tax regardless of where the income is earned. The taxpayer may choose among several options to avoid double taxation of foreign source income: the taxpayer may credit foreign income taxes against their U.S. income tax liability or deduct the foreign taxes from gross income. If the credit option is chosen, the taxpayer may credit income taxes paid to a foreign country against their U.S. tax liability. The individual foreign tax credit is limited to the amount of U.S. tax that is imposed on foreign-source income. For 1987, this limitation had to be calculated separately

for each of eight separate types of income. For each income type, the taxpayer could credit the lesser of creditable foreign taxes or the limitation. The foreign tax credit equaled the sum of the credits for each separate income type. As an alternative to the credit, the taxpayer may deduct foreign taxes paid in determining taxable income.

The taxpayer may choose to deduct or exclude foreign income from gross income. If this option is chosen, the taxpayer could deduct excess costs of living in a foreign country from their gross income. As an alternative to this deduction, a taxpayer could elect to take an annual exclusion, of up to \$70,000 of their foreign earned income, from their gross income. In order to qualify for either the deduction or the exclusion, an individual living abroad had to meet either a bona fide residence test or a physical presence test.

Many U.S. citizens living in foreign countries were not entitled to a deduction from, or an exclusion of, foreign earned income. These persons included: (1) civilian U.S. Government employees; (2) members of the U.S. Armed Forces; and (3) residents of Puerto Rico, Guam, the U.S. Virgin Islands, Johnston Island, American Samoa, Midway and Wake Islands. Finally, an individual taxpayer while computing their foreign tax credit, could not use any foreign income excluded from U.S. income taxation, or any foreign taxes paid or accrued on the excluded income. Listed above are tables providing information for foreign earned income and the foreign tax credit claimed by individuals for 1983 or 1987.

The reader is referred to Section 15 of this compendium for the form and instructions listed below, which provided the basis of the individual foreign tax credit data.

* Form 1040, U.S. Individual Income Tax Return (p. 437)

* Form 1116, Computation of Foreign Tax Credit, Individuals, and Instructions (p. 441)

* Form 2555, Deduction from, or Exclusion of, Income Earned Abroad, and Instructions (p. 495)

Foreign Income And Taxes Reported On U.S. Individual Tax Returns, 1983: An Overview

By David Paris*

During Calendar Year 1984 more than 159,000 taxpayers reported approximately \$7.2 billion of foreign earned income on their U.S. individual income tax returns. More than \$5.7 billion of this income was excluded from domestic taxation under the foreign earned income exclusion provisions of the tax law. Foreign taxes paid on the foreign earned income which was not excluded, as well as on the income from foreign investments reported by these and other U.S. taxpayers, were eligible for a foreign tax credit. For Tax Year 1983, almost 372,000 individual returns reported approximately \$617 million in foreign tax credits.

More detailed information about taxpayers reporting either foreign earned income or a foreign tax credit will be presented in a forthcoming issue of the SOI Bulletin.

OVERVIEW OF THE FOREIGN EARNED INCOME AND FOREIGN TAX CREDIT PROVISIONS

The Economic Recovery Tax Act of 1981 simplified the foreign earned income provisions of U.S. tax law. Prior to the 1981 Act, U.S. citizens with foreign earned income were allowed a deduction for "excess" foreign living expenses and an exclusion of income earned abroad while living in a hardship area "camp" [1].

For 1983, a qualifying taxpayer who worked abroad and received earned income from foreign sources could elect to exclude up to \$80,000 of such income from U.S. taxation. In general, to have qualified for the foreign earned income exclusion a U.S. citizen working abroad either had to have been a bona fide resident of a foreign country or countries for an uninterrupted period that included a full tax year or had to have lived in a foreign country or countries for at least 330 days out of any 12 consecutive-month period.

Moreover, for those qualifying U.S. citizens living and working abroad there were two additional tax provisions in effect for Tax Year 1983. Where foreign housing expenses were provided by an employer, a taxpayer could elect to exclude from taxation an amount of foreign housing expenses; and for self-employed individuals, a deduction for

foreign housing costs was available.

The United States imposes its income tax on the worldwide income of its citizens and residents without regard to the geographic source of the income. U.S. individual taxpayers who accrue or pay foreign taxes on their foreign-source income are eligible to use those taxes to claim a tax credit (or to itemize them as a deduction) on their U.S. income tax return. In most cases the credit is more advantageous to the taxpayer than a deduction because it results in a dollar-for-dollar reduction of U.S. tax liability.

INCOME EARNED ABROAD

As shown in Figure A, salaries, wages, allowances and reimbursements accounted for the overwhelming majority (94 percent) of foreign earned income reported by U.S. citizens abroad.

Figure A.—Selected Sources of Foreign Earned Income, 1983

[Amounts in thousands of dollars]

Income sources	Number of returns	Amount
Total	159,194	\$7,185,955
Salaries and wages	153,724	5,293,482
Allowances, reimbursements and expenses paid on employee's behalf	59,227	1,444,919
Noncash income	22,301	165,088
Business/profession (net)	5,694	119,753
Partnership (net)	736	37,005

More than \$5.7 billion of the approximately \$7.2 billion of foreign earned income was excluded from U.S. taxation by 154,429 taxpayers [2]. The average for all returns was \$36,955, about 46 percent of the maximum \$80,000 foreign earned income exclusion. The exclusion was reported on Form 2555, Foreign Earned Income, attached to Form 1040.

FOREIGN TAX CREDIT

The foreign tax credit is the third largest credit claimed by individual U.S. taxpayers, surpassed only by the investment

*Assistant Chief, Individual Statistics Branch

and child care credits. For Tax Year 1983, 371,945 taxpayers claimed foreign tax credits totaling more than \$617 million on Form 1040, U.S. Individual Income Tax Return. However, only 351,789 returns had a supporting Form 1116, Computation of Foreign Tax Credit attached to Form 1040 [3]. Form 1116 was the source of the data on foreign income and taxes. More than \$595 million of foreign tax credit was computed on the Form 1116.

Figure B shows that salaries and wages accounted for more than 78 percent of all foreign-source income reported on Form 1116. However, the type of foreign-source income reported by the most taxpayers was dividend income.

Figure B.—Returns With Foreign Tax Credit: Selected Sources of Foreign Income Reported on Form 1116, 1983
(Amounts in thousands of dollars)

Income source	Number of returns	Amount
Total	350,785	\$4,368,096
Salaries and wages	61,523	3,410,293
Dividends ¹	203,363	564,866
Net gain (less loss) from sales of capital assets	11,132	255,461
Rents and royalties	6,950	84,631
Estates and trusts	7,447	60,603
Business or profession	6,610	355,708
Certain interest ²	35,693	107,530
Domestic international sales corporation dividends	12,250	15,299
All other income (less loss)	70,847	-488,298

¹ Excludes dividends from Domestic International Sales Corporations, shown separately.
² See footnote 4 under Notes and References.

DATA SOURCES AND LIMITATIONS

A general description of the sampling procedures and data limitations applicable to the Statistics of Income (SOI) tabulations is contained in the Appendix to this report. Spe-

cific information applicable to the 1983 returns with foreign earned income or foreign tax credit is presented below.

Sample Selection and Criteria

The 1983 estimates in this article are based on a sample of individual income tax returns, Forms 1040, processed by the Internal Revenue service centers during 1984. Generally, for most taxpayers, those returns filed during a particular calendar year are for the previous tax year. As was the case for the general tax filing population, approximately 98 percent of the "foreign returns" processed during Calendar Year 1984 were for Tax Year 1983. The remaining returns filed were for prior tax years or were noncalendar year returns. Returns for prior years were used in place of 1983 returns filed after December 31, 1984. This was done in the belief that the characteristics of returns due but not yet filed could best be represented by the returns for previous years filed in Calendar Year 1984.

The sample was stratified based on the larger of total income or loss and the size of business plus farm receipts, and the presence or absence of a Form 2555, Foreign Earned Income; a Form 1116, Computation of Foreign Tax Credit; a Schedule C, Profit (or Loss) from a Business or Profession; and a Schedule F, Farm Income and Expenses. The sampling rates for the "foreign returns" ranged from 0.73 percent to 100 percent. Figure C presents the number of returns in the population and in the sample.

Because the data presented in this article are based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known. Coefficients of variation (CV's) are used to measure the magnitude.

Figure C.—Number of Form 1040 Returns Filed in 1984 with Form 2555 and/or Form 1116 and Number in Sample

Description of sample strata	Number of Returns with Form 2555 or 1116	
	Population	Sample
Grand total	524,601	13,038
High income nontaxable returns, total ¹	447	129
Large business returns, total ²	14,456	855
Other Forms 1040 with Form 2555, total	160,308	7,486
Larger of total income or total loss amount ¹ and Size of business plus farm receipts		
Under \$1,000,000 Under \$20,000,000	160,257	7,438
\$1,000,000 and over Any amount	51	48
Under \$1,000,000 \$20,000,000 and over		
Other Forms 1040 with Form 1116, total	349,390	4,568
Under \$1,000,000 Under \$20,000,000	347,078	2,338
\$1,000,000 and over Any amount		
Under \$1,000,000 \$20,000,000 and over	2,312	2,230

¹ Form 1040 returns with adjusted gross income of \$200,000 and over with no income tax after credits and no additional tax for tax preferences.

² Form 1040 returns only with combined Schedule C (business or profession) net profit or loss of \$200,000 and over.

Figure D presents "upper-limit" CV's for frequency estimates for both the foreign earned income and foreign tax credit data. The approximate CV's shown here were computed from a formula based on the sum-of-the-squares method and are intended only as a general indication of the reliability of the data. For a number other than those shown, the corresponding CV's can be estimated by interpolation.

Figure D.—Coefficients of Variation, 1983

Approximate coefficient of variation	Estimated number of returns	
	Form 2555	Form 1116
0.02	51,000	340,000
0.05	8,200	54,000
0.10	2,000	13,600
0.15	900	6,000
0.20	500	3,400
0.30	230	1,510
0.40	130	850
0.50	80	540

NOTES AND REFERENCES

- [1] For further information on the foreign earned income provisions of U.S. tax law prior to 1981, see *Statistics of Income—1976–1979, International Income and Taxes, Foreign Income and Taxes Reported on U.S. Income Tax Returns*.
- [2] The 4,765 return difference between the number of Forms 2555 filed and those claiming the foreign earned income exclusion is primarily attributable to the Calendar Year 1984 filings for Tax Year 1981 and prior years when U.S. tax law did not provide for the exclusion. For

further information about the use of prior year returns in the 1983 statistics, see Sample Selection and Criteria under Data Sources and Limitations.

- [3] The data presented in this article do not reflect any adjustments to the taxpayer's account resulting from IRS audit activities. For those taxpayers who claimed a credit but did not file a Form 1116, an audit by IRS would require taxpayers to provide evidence such as withholding statements or tax payment receipts to support the foreign tax credit claimed.
- [4] A separate foreign tax credit computation for certain interest income was required by section 904 of the Internal Revenue Code. The interest to which this computation applied was defined as all interest income except the following:
 - (1) amounts derived from any transaction which was directly related to the active conduct of a trade or business;
 - (2) amounts derived from the conduct of banking, financing, or a similar business;
 - (3) amounts received from a foreign corporation in which the taxpayer owned at least 10 percent of the voting stock; and
 - (4) amounts received on obligations acquired where it was necessary to dispose of an active foreign trade or business, or of securities in a foreign corporation in which the taxpayer owned 10 percent (or more) of the voting stock.

Individual Foreign Income and Taxes, 1983

Table 1.—All Returns with Form 2555: Number of Returns, Adjusted Gross Income, Income Earned Abroad and Foreign Earned Income Exclusion, and Income Tax

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns			Adjusted gross income		Taxable income	
	Total	Nonresidence	Physical presence	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns, total	159,194	99,824	57,987	140,180	2,611,640	96,159	2,120,549
Under \$10,000	95,048	64,112	30,053	76,032	127,473	33,014	55,243
\$10,000 under \$25,000	31,013	15,225	15,363	31,013	507,917	30,161	362,787
\$25,000 under \$50,000	20,155	10,678	9,308	20,155	896,242	20,046	354,098
\$50,000 under \$100,000	9,234	5,580	2,568	9,234	629,349	9,213	539,181
\$100,000 under \$200,000	3,056	2,412	623	3,056	414,285	3,035	361,480
\$200,000 under \$500,000	32	32	67	32	163,379	32	144,140
\$500,000 under \$1,000,000	32	32	—	32	19,998	32	18,387
\$1,000,000 or more	27	22	5	27	51,197	27	44,743
Taxable returns, total	69,656	37,610	31,635	69,656	2,345,290	69,486	1,927,591
Under \$25,000	39,310	19,817	19,246	39,310	525,941	39,161	391,713
\$25,000 under \$50,000	18,527	9,371	9,009	18,527	843,526	18,527	514,311
\$50,000 or more	11,819	8,622	3,110	11,819	1,175,823	11,798	1,021,567
Non-taxable returns, total	89,538	62,014	26,352	70,524	266,550	26,673	192,958
Under \$25,000	55,749	38,720	26,170	55,749	109,449	24,014	86,297
\$25,000 under \$50,000	1,628	1,307	299	1,628	34,717	1,519	40,297
\$50,000 or more	1,161	967	153	1,161	102,385	1,140	86,284
Size of adjusted gross income	U.S. income tax before credits		Foreign tax credit		Foreign earned income		Sales of capital assets net gain (less loss)
	Number of returns	Amount	Number of returns	Amount	Total	Salaries and wages	
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All returns, total	76,422	533,229	28,302	201,409	7,185,955	153,724	5,293,482
Under \$10,000	14,308	4,750	2,292	456	3,348,823	91,627	2,734,453
\$10,000 under \$25,000	29,195	41,911	7,103	8,912	1,245,644	30,286	545,134
\$25,000 under \$50,000	20,003	100,392	8,887	26,548	1,121,717	19,575	737,499
\$50,000 under \$100,000	9,191	153,806	6,747	60,662	836,775	8,607	503,250
\$100,000 under \$200,000	3,035	138,460	2,880	70,338	450,675	2,792	253,792
\$200,000 under \$500,000	32	63,906	542	32,275	149,739	582	103,996
\$500,000 under \$1,000,000	32	8,701	30	1,853	22,142	30	8,871
\$1,000,000 or more	27	22,003	21	2,268	10,440	25	8,468
Taxable returns, total	69,656	493,437	22,090	162,074	3,647,404	67,416	2,490,933
Under \$25,000	39,310	41,935	5,712	3,642	1,378,712	38,259	1,055,963
\$25,000 under \$50,000	18,527	93,013	7,478	19,378	973,136	17,991	653,378
\$50,000 or more	11,798	358,488	8,902	139,054	1,295,556	11,166	781,592
Non-taxable returns, total	8,767	39,792	6,212	39,335	3,538,550	86,308	2,802,529
Under \$25,000	4,193	4,026	3,883	3,727	3,215,754	83,654	2,623,623
\$25,000 under \$50,000	1,478	7,379	1,411	7,270	146,581	1,584	84,121
\$50,000 or more	1,116	28,387	1,118	28,338	174,215	1,070	94,785
Size of adjusted gross income	Foreign earned income exclusion		Foreign housing exclusion		Foreign housing deduction		Total U.S. income tax
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
	(15)	(16)	(17)	(18)	(19)	(20)	
All returns, total	154,429	5,707,052	27,788	314,767	1,100	13,385	7,263,321
Under \$10,000	93,438	3,148,683	9,462	96,807	452	4,109	5,229
\$10,000 under \$25,000	29,888	1,058,736	5,048	49,103	129	1,407	95,080
\$25,000 under \$50,000	18,975	601,784	6,458	73,843	129	1,609	516,214
\$50,000 under \$100,000	8,491	459,480	4,709	55,799	129	1,609	1,109,841
\$100,000 under \$200,000	2,972	194,928	1,678	11,278	45	321	1,147,886
\$200,000 under \$500,000	607	37,961	398	1,178	149	2,312	1,813,103
\$500,000 under \$1,000,000	32	2,595	26	113	39	1,147	877,510
\$1,000,000 or more	28	1,905	7	113	39	1,147	1,898,658
Taxable returns, total	66,651	2,550,855	16,978	193,061	579	8,124	7,263,321
Under \$25,000	36,143	1,222,105	5,209	47,892	107	1,878	5,229
\$25,000 under \$50,000	17,497	710,039	5,686	61,971	107	1,878	95,080
\$50,000 or more	11,011	618,512	6,083	83,398	301	3,403	516,214
Non-taxable returns, total	87,778	3,156,397	10,800	121,707	521	5,262	1,147,886
Under \$25,000	55,183	2,986,295	9,301	100,217	474	3,637	1,813,103
\$25,000 under \$50,000	1,478	91,748	772	11,873	22	732	877,510
\$50,000 or more	1,117	78,356	75	9,617	25	893	1,898,658

* Figures should be used with caution because of the small number of sample returns on which it is based.

** Data combined to avoid disclosure of information for specific taxpayers.

NOTE: Data may not add to totals because of rounding.

Individual Foreign Income and Taxes, 1983

Table 2.—All Returns with Foreign Tax Credit: Sources of Income, Deductions and Tax Items and Foreign Income, Taxes and Credit by Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns	Adjusted gross income	Itemized deductions	Taxable income	U.S. income tax before credits	Foreign tax credit claimed	U.S. income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns, total	371,945	30,233,571	6,510,794	23,522,952	8,217,289	817,156	7,384,345
Under \$10,000	26,073	178,075	17,977	160,098	10,262	4,046	5,893
\$10,000 under \$25,000	77,938	1,378,069	231,840	1,058,062	135,778	31,921	99,904
\$25,000 under \$50,000	120,756	4,350,792	814,937	3,478,928	647,892	92,791	544,917
\$50,000 under \$100,000	87,517	6,085,557	1,238,787	4,822,714	1,310,791	154,974	1,130,260
\$100,000 under \$200,000	35,446	4,876,443	1,095,805	3,772,870	1,345,624	150,703	1,154,223
\$200,000 under \$500,000	18,068	5,318,458	1,233,353	4,082,762	1,772,161	117,802	1,599,325
\$500,000 under \$1,000,000	4,081	2,750,082	696,424	2,052,600	964,446	13,174	924,109
\$1,000,000 or more	2,086	5,300,117	1,181,632	4,118,253	2,030,316	51,756	1,925,714
Taxable returns, total	342,474	29,453,469	6,390,297	22,922,870	8,089,737	492,951	7,384,345
Under \$25,000	85,506	1,304,121	216,527	1,018,413	126,704	18,628	105,797
\$25,000 under \$50,000	112,560	4,081,847	767,591	3,273,990	613,106	59,079	544,917
\$50,000 or more	144,408	24,067,701	5,406,179	18,632,467	7,349,927	415,243	6,733,631
Non-taxable returns, total	29,471	780,102	120,497	600,062	127,532	124,215	—
Under \$25,000	15,444	181,548	22,060	130,113	12,525	11,048	—
\$25,000 under \$50,000	11,257	337,620	58,578	253,216	41,596	40,004	—
\$50,000 or more	2,770	260,934	39,861	216,752	73,411	73,165	—
Size of adjusted gross income	Total U.S. income tax		Number of returns		Adjusted gross income		Sales of capital assets net gain (less loss)
	Number of returns	Amount	Number of returns	Amount	Salaries and wages	Domestic and foreign dividends in AGI	
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All returns, total	7,612,248	351,789	28,860,188	13,835,555	5,378,436	1,181,855	4,109,863
Under \$10,000	5,893	23,808	181,087	13,835,555	33,247	4,288	4,600
\$10,000 under \$25,000	100,444	73,674	1,305,786	1,112,922	198,725	45,882	39,223
\$25,000 under \$50,000	55,401	113,606	4,079,492	2,914,442	570,555	139,342	183,538
\$50,000 under \$100,000	100,444	83,612	5,822,024	3,715,158	806,787	251,117	400,828
\$100,000 under \$200,000	1,200,986	34,047	4,671,989	2,573,050	1,056,637	204,133	866,484
\$200,000 under \$500,000	1,659,248	17,470	5,185,025	2,045,700	705,467	77,352	548,785
\$500,000 under \$1,000,000	955,125	3,762	2,552,811	520,568	705,467	213,795	1,627,752
\$1,000,000 or more	1,978,342	2,013	5,101,974	798,983	1,074,234	—	—
Taxable returns, total	7,612,248	323,501	28,097,343	12,791,875	5,333,727	1,181,438	4,091,682
Under \$25,000	106,337	79,621	1,230,659	875,917	213,312	45,133	37,841
\$25,000 under \$50,000	553,401	105,546	3,813,794	2,576,415	553,319	131,170	182,168
\$50,000 or more	6,952,510	138,134	23,052,889	9,339,488	4,567,096	985,134	3,871,673
Non-taxable returns, total	—	28,288	762,845	1,043,591	44,709	20,217	17,981
Under \$25,000	—	14,556	171,051	283,662	18,868	271	5,620
\$25,000 under \$50,000	—	10,962	330,860	446,050	19,040	12,937	1,551
\$50,000 or more	—	2,770	260,934	313,969	8,802	7,009	10,810
Size of adjusted gross income	Rate and royalty net income (less loss)		Itemized deductions		U.S. income tax before credits		Total U.S. income tax
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
All returns, total	541,502	6,241,284	22,427,908	7,850,110	604,868	7,044,856	7,263,321
Under \$10,000	5,071	15,466	125,339	9,330	3,794	5,229	5,229
\$10,000 under \$25,000	43,338	217,817	1,006,021	129,494	31,131	94,540	95,080
\$25,000 under \$50,000	13,771	762,965	3,259,246	606,081	90,543	507,814	516,214
\$50,000 under \$100,000	43,372	1,193,714	4,615,591	1,255,174	50,732	1,079,273	1,109,841
\$100,000 under \$200,000	85,170	1,050,442	3,613,729	1,289,401	149,156	1,101,407	1,147,886
\$200,000 under \$500,000	160,007	1,207,099	3,956,051	1,719,751	118,034	1,558,303	1,813,103
\$500,000 under \$1,000,000	213,700	662,861	1,889,278	887,818	12,722	848,477	877,510
\$1,000,000 or more	91,290	1,141,098	3,960,653	1,952,162	50,755	1,849,813	1,898,658
Taxable returns, total	573,102	6,126,842	21,838,001	7,723,507	481,471	7,044,856	7,263,321
Under \$25,000	30,994	205,178	958,942	120,161	18,149	99,769	105,797
\$25,000 under \$50,000	1,991	716,510	3,058,508	572,450	57,086	507,814	516,214
\$50,000 or more	606,067	5,205,154	17,820,551	7,030,895	406,235	6,437,273	6,646,798
Non-taxable returns, total	31,600	114,422	589,907	126,604	123,387	—	—
Under \$25,000	2,384	18,991	124,478	12,112	10,744	—	—
\$25,000 under \$50,000	18,673	57,570	248,677	41,081	39,489	—	—

Individual Foreign Income and Taxes, 1983

Table 2.—All Returns with Foreign Tax Credit: Sources of Income, Deductions and Tax Items and Foreign Income, Taxes and Credit by Size of Adjusted Gross Income—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Returns with a Form 1116 in support of credit claimed—Continued						
	Foreign income and taxes—Continued						
	Gross income						
	Total number of returns	Total		Other than DISC dividends and certain interest			
	(22)	Number of returns	Amount	Dividends	Net gain from sale of capital assets	Salaries and wages	Business or profession
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
All returns, total	350,785	310,934	4,245,267	584,886	255,461	3,410,293	355,708
Under \$10,000	23,806	20,212	105,052	8,124	1,501	100,454	12,233
\$10,000 Under \$25,000	73,379	63,364	478,308	44,189	2,266	568,937	48,945
\$25,000 Under \$50,000	113,194	99,247	921,110	118,402	3,702	948,335	68,521
\$50,000 Under \$100,000	83,317	74,496	1,030,878	149,831	12,598	961,994	38,284
\$100,000 Under \$200,000	34,047	31,026	657,556	74,291	27,514	549,248	52,128
\$200,000 Under \$500,000	17,468	16,894	617,128	51,605	130,283	241,164	128,203
\$500,000 Under \$1,000,000	3,782	3,594	133,928	54,930	7,443	23,021	13,547
\$1,000,000 or more	2,012	1,901	303,300	63,495	70,154	19,130	51,740
Taxable returns, total	322,497	283,704	3,343,611	515,234	242,747	2,552,159	288,811
Under \$25,000	79,526	67,311	278,949	40,055	2,451	350,532	6,402
\$25,000 Under \$50,000	105,135	91,252	619,586	96,709	3,631	662,085	21,216
\$50,000 or more	137,836	125,141	2,445,076	378,470	236,664	1,539,542	261,192
Nontaxable returns, total	28,288	27,230	901,656	49,632	12,714	858,134	66,897
Under \$25,000	14,556	13,562	223,583	11,903	1,316	222,673	13,829
\$25,000 Under \$50,000	10,962	10,898	380,653	22,047	771	362,085	13,829
\$50,000 or more	2,770	2,770	297,421	15,682	11,328	255,014	22,710

Size of adjusted gross income	Returns with a Form 1116 in support of credit claimed—Continued						
	Foreign income and taxes—Continued						
	Gross income—Continued						
	DISC dividends ¹		Certain interest income		Total deductions		Taxable income (less loss before loss recapture)
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Other than DISC dividends and certain interest
	(29)	(30)	(31)	(32)	(33)	(34)	(35)
All returns, total	12,250	15,299	35,693	107,530	200,989	1,121,603	3,136,689
Under \$10,000	411	317	3,587	8,352	9,560	28,606	77,253
\$10,000 Under \$25,000	3,447	4,755	8,081	15,945	36,717	139,759	336,560
\$25,000 Under \$50,000	3,976	4,165	11,915	24,593	58,384	273,949	650,024
\$50,000 Under \$100,000	3,701	4,451	11,915	24,593	58,384	273,949	650,024
\$100,000 Under \$200,000	274	441	3,858	18,190	15,553	269,455	763,837
\$200,000 Under \$500,000	277	190	822	9,530	25,345	130,743	528,367
\$500,000 Under \$1,000,000	142	158	189	2,152	3,516	157,388	463,689
\$1,000,000 or more	22	784	183	6,465	1,701	86,151	218,111
Taxable returns, total	11,839	12,897	34,684	99,872	184,411	940,048	2,418,775
Under \$25,000	3,447	2,670	10,962	17,904	37,076	97,895	183,780
\$25,000 Under \$50,000	3,976	4,165	11,787	22,431	53,028	210,887	411,480
\$50,000 or more	4,416	6,063	12,035	59,537	94,307	631,266	1,823,437
Nontaxable returns, total	411	2,402	1,009	16,578	18,578	18,578	720,515
Under \$25,000	411	2,402	1,009	16,578	18,578	18,578	720,515
\$25,000 Under \$50,000	—	—	265	4,372	7,495	56,911	166,982
\$50,000 or more	—	—	75	1,103	7,062	76,621	304,118

Size of adjusted gross income	Returns with a Form 1116 in support of credit claimed—Continued						
	Foreign income and taxes—Continued						
	Foreign taxes available for credit						
	DISC dividends	Certain interest	Taxable income after loss recapture	Total	On income other than DISC dividends and certain interest	On certain interest	Foreign tax credit computed
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
All returns, total	14,693	93,099	3,250,047	1,141,206	1,144,414	24,870	595,966
Under \$10,000	517	5,544	83,112	26,657	24,498	2,126	3,990
\$10,000 Under \$25,000	4,501	14,105	351,660	77,463	73,261	3,648	30,973
\$25,000 Under \$50,000	3,961	21,914	670,667	195,708	190,917	4,338	90,952
\$50,000 Under \$100,000	4,484	21,907	798,813	292,584	286,593	6,141	150,780
\$100,000 Under \$200,000	439	16,849	547,340	254,183	247,976	5,171	149,171
\$200,000 Under \$500,000	189	5,580	478,573	218,359	214,780	1,550	107,198
\$500,000 Under \$1,000,000	138	1,696	101,209	16,371	16,009	338	12,716
\$1,000,000 or more	644	5,623	228,674	81,791	80,380	1,357	50,205
Taxable returns, total	12,307	85,840	2,526,449	859,383	835,096	22,512	471,686
Under \$25,000	2,432	15,835	200,817	55,509	50,477	4,794	17,696
\$25,000 Under \$50,000	3,961	19,834	431,530	124,808	120,634	3,631	57,042
\$50,000 or more	5,894	50,371	1,894,106	679,066	663,986	14,087	396,748
Nontaxable returns, total	2,386	7,259	723,598	281,824	279,318	2,158	124,280
Under \$25,000	2,386	4,078	171,041	34,644	33,514	582	10,972
\$25,000 Under \$50,000	—	2,096	302,055	84,758	84,051	707	40,005
\$50,000 or more	—	1,085	250,502	162,221	161,752	469	73,303

¹ DISC means Domestic International Sales Corporations.
² Estimate should be used with caution because of small returns on which it was based.
 NOTE: Detail may not add to total because of rounding.

Individual Foreign Tax Credit and Foreign Earned Income, 1987

The Foreign Earned Income and Foreign Tax Credit Study is a study of the foreign income and taxes of U.S. citizens and resident aliens reported on Forms 2555, Foreign Earned Income, and 1116, Computation of Foreign Tax Credit - Individual, Fiduciary, or Nonresident Alien Individual. These forms are attached to Form 1040, U.S. Individual Income Tax Return. Taxpayers use Form 2555 to claim the foreign earned income exclusion or housing deduction and Form 1116 to claim the foreign tax credit.

The foreign earned income exclusion was originally passed in 1926 to encourage U.S. exports by allowing all U.S. citizens who lived abroad for six months or more to exclude all of their foreign earnings from their U.S. gross income. In the subsequent years, Congress passed several enhancements and restrictions. The most significant was the 1978 Foreign Earned Income Act. This act addressed the complaints of U.S. companies operating in high cost, low tax jurisdictions (primarily the Middle East) by permitting taxpayers to deduct certain expenses, like excess housing costs, as well as their foreign earnings.

For 1987, individuals who resided in a foreign country for the entire tax year or who maintained a tax home abroad for at least eleven consecutive months, could exclude up to \$70,000 of their foreign earnings and reasonable excess housing costs.

The foreign tax credit was first enacted in 1918 to eliminate double taxation on foreign-source income. Since the U.S. taxes its citizens on their worldwide income, this law enables taxpayers to take their foreign taxes as a credit against their U.S. income tax liability, subject to a limitation. This limitation is calculated by taking the ratio of the foreign-source taxable income to the worldwide taxable income and multiplying it by the U.S. tax. The limitation prevents taxpayers from using taxes paid in a relatively high tax country to offset their domestic tax liability. Further restrictions passed since 1918 require a separate limitation calculation on certain types of income. After the Tax Reform Act of 1986, these types of income are: passive, high withholding tax interest, financial services, shipping, IC-DISC dividends, distributions from Foreign Sales Corporations and general

limitation income (all other). Passive income usually includes dividends, rents, royalties, annuities, and interest, except for that interest subject to a withholding tax of at least five percent. High withholding tax interest is subject to a separate limitation. General limitation income consists primarily of wages. Taxpayers can carry taxes paid in excess of the limitation back two years and then forward up to five years. Taxes carried to another year could be used in the foreign tax credit calculation for that year. Taxpayers were not permitted to credit foreign taxes on income reported on Form 2555.

The three tables that follow contain data for the 1987 Individual Foreign Earned Income and Foreign Tax Credit study. Table 1 contains foreign tax credit data classified by size of adjusted gross income reported on the Form 1040. The data contained in columns 1 through 3 are reported on the Forms 1040 with a foreign tax credit. The data contained in columns 4 through 7 are reported on those Forms 1040 that had a Form 1116 attached. Columns 8 through 13 contain data reported on Form 1116. A total of 561,109 individual income tax returns claimed foreign tax credits of \$1.04 billion, a 67.9 percent increase from 1983. The 518,350 returns with an attached Form 1116 offset their U.S. income tax of \$16.35 billion with foreign tax credits of \$1.02 billion.

Table 2 contains Form 1116 data classified by geographical area. The single largest source of foreign income was Canada. A total of 131,918 returns reported Canadian-source taxable income of \$840 million, about fifteen percent of total foreign-source taxable income. The largest share of foreign taxes were paid or accrued to the United Kingdom. The U.K. imposed \$299 million of taxes on the U.K.-source income of U.S. citizens and residents. This amounted to 16.6 percent of total foreign taxes paid or accrued.

Table 3 contains Form 2555 data classified by size of adjusted gross income reported on the Form 1040. A total of 171,191 individual income tax returns had a Form 2555 attached. These returns reported net foreign earned income of \$8.19 billion, an increase of fourteen percent from 1983. These taxpayers calculated foreign earned

Income exclusions of \$5.98 billion (an increase of 4.8 percent from 1983) and foreign housing exclusions of \$468 million (an increase of 48.6 percent from 1983). The total exclusions claimed on Form 2555 was \$6.42 billion. (The actual exclusion taken is less than the sum of the foreign earned income and housing exclusions because taxpayers had to adjust these exclusions by the amount of deductions reported on Form

1040 that were not allowed because the deductions were allocable to excluded income.) The average exclusion from Form 2555 for all returns was \$37,544, about 53.6 percent of the maximum \$70,000 exclusion. In addition, taxpayers who personally paid their housing costs (instead of having it paid for by an employer) deducted foreign housing costs of \$17 million.

Table 1 -- Individual Foreign Tax Credit Claimed on Form 1040, Foreign Income Earned, and Foreign Taxes, by Size of Adjusted Gross Income, 1987

[All figures are estimates based on samples - money amounts are in thousands of dollars]

Size of adjusted gross income	Returns with a foreign tax credit reported on Form 1040			Form 1040 data from returns with Form 1116 attached			
	Number of returns	Adjusted gross income	Foreign tax credit claimed	Number of returns	Adjusted gross income	U.S. income tax before credits	Foreign tax credit claimed
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns, total.....	561,109	72,482,968	1,036,270	518,350	69,285,559	16,346,301	1,024,284
Zero or less.....	*10	*-11,264	*1	*10	*-11,264	*36	*1
\$1 under \$10,000.....	31,741	192,860	2,664	29,949	178,517	12,597	2,626
\$10,000 under \$25,000.....	91,793	1,655,154	21,919	84,840	1,536,070	119,628	21,574
\$25,000 under \$50,000.....	130,565	4,866,338	95,128	119,388	4,419,607	556,480	91,385
\$50,000 under \$70,000.....	82,601	4,942,475	45,717	72,996	4,353,247	682,006	45,138
\$70,000 under \$100,000.....	76,138	6,336,865	104,250	69,147	5,746,146	1,094,080	104,014
\$100,000 under \$200,000.....	86,335	11,919,263	218,830	81,969	11,339,189	2,500,039	213,125
\$200,000 under \$500,000.....	43,081	13,176,929	232,090	41,634	12,776,352	3,327,040	231,428
\$500,000 under \$1,000,000..	11,773	8,059,150	92,282	11,478	7,859,571	2,181,611	91,862
\$1,000,000 or More.....	7,071	21,345,198	223,389	6,940	21,088,124	5,872,784	223,132

Size of adjusted gross income	Foreign income and taxes reported on Form 1116					
	Gross income	Total deductions	Taxable income (less loss)	Foreign taxes paid or accrued	Carryback or carryover	Reduction for certain foreign taxes
	(8)	(9)	(10)	(11)	(12)	(13)
All returns, total.....	7,097,249	1,562,240	5,535,009	1,806,062	540,056	454,393
Zero or less.....	*5	**	*5	*1	**	**
\$1 under \$10,000.....	65,174	10,670	54,504	16,394	8,526	5,696
\$10,000 under \$25,000.....	417,282	85,709	331,572	89,386	35,842	34,510
\$25,000 under \$50,000.....	1,089,114	267,146	821,967	252,719	38,858	90,519
\$50,000 under \$70,000.....	450,017	85,044	364,973	125,187	29,785	56,124
\$70,000 under \$100,000.....	720,804	125,731	595,073	209,471	73,508	74,449
\$100,000 under \$200,000.....	1,229,797	199,144	1,030,653	385,174	159,409	112,285
\$200,000 under \$500,000.....	1,307,675	386,137	921,538	352,226	108,916	68,473
\$500,000 under \$1,000,000..	524,881	96,463	428,418	107,480	28,491	8,907
\$1,000,000 or More.....	1,292,500	306,195	986,306	268,026	56,720	3,429

* Estimate should be used with caution because of the small number of returns on which it was based.

** Less than \$500

Table 2 -- Gross Income From Foreign Sources, Deductions and Losses, Foreign Taxes Paid or Accrued, by Selected Geographic Area, 1987

[All figures are estimates based on samples - money amounts are in thousands of dollars]

Selected geographic area	Form 1116 Data				
	Foreign Source Income, Deductions, and Taxes Paid				
	Number of returns	Gross income	Total deductions	Taxable income (less loss)	Foreign taxes paid or accrued
	(1)	(2)	(3)	(4)	(5)
All geographic areas, total...	518,350	7,097,249	1,562,240	5,535,009	1,806,062
Canada.....	131,918	1,290,937	450,841	840,096	267,928
Mexico.....	11,312	87,044	11,476	75,567	33,679
France *.....	5,691	188,351	38,017	150,334	63,267
Netherlands.....	35,453	135,318	21,607	113,711	34,970
United Kingdom.....	58,709	860,068	169,370	690,698	299,044
West Germany.....	7,927	429,504	106,064	323,440	141,464
Switzerland.....	12,550	199,404	41,753	157,651	43,468
South Africa.....	67,470	127,726	13,278	114,447	20,552
Israel.....	11,354	100,034	7,776	92,257	27,052
Saudi Arabia.....	3,363	209,986	124,273	85,714	4,116
Hong Kong.....	2,973	97,223	24,591	72,633	20,238
Japan **.....	20,003	633,664	86,881	546,782	198,595
Australia.....	30,875	196,460	35,941	160,518	54,968
New Zealand.....	2,450	27,174	1,940	25,234	6,434
Puerto Rico.....	17,049	453,793	57,909	395,884	80,349

* Including Andorra

** Including Okinawa and Ryukyu

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Individual Foreign Tax Credit/Foreign Earned Income, 1987

Table 3 -- Foreign Earned Income, Housing Exclusion, Foreign Earned Income Exclusion, and Deductions, by Size of Adjusted Gross Income, 1987

[All figures are estimates based on samples -- money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns	Form 2555 data					
		Gross foreign earned income		Exclusions and deductions			
		Total income	Salaries and wages	Housing exclusion	Foreign earned income exclusion	Exclusion from Form 2555	Deduction from Form 2555
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns, total.....	171,191	8,190,229	5,846,912	467,896	5,982,454	6,427,167	16,761
Zero or less.....	27,544	935,088	790,052	16,726	897,346	918,469	*
\$1 under \$10,000.....	65,112	2,091,614	1,795,779	38,740	2,013,376	2,048,819	1,863
\$10,000 under \$25,000.....	32,587	1,088,383	873,114	46,719	959,576	1,004,382	1,646
\$25,000 under \$50,000.....	20,644	1,181,219	788,397	74,595	853,073	910,732	4,268
\$50,000 under \$70,000.....	7,922	566,510	351,666	52,251	348,906	399,600	1,304
\$70,000 under \$100,000.....	7,561	686,864	394,786	68,230	359,303	426,056	1,956
\$100,000 under \$200,000.....	6,766	902,082	446,841	105,446	366,947	471,278	3,541
\$200,000 under \$500,000.....	2,564	557,384	292,020	56,623	153,369	208,829	1,687
\$500,000 under \$1,000,000..	367	126,054	77,310	6,954	22,883	29,496	*
\$1,000,000 or more.....	125	55,030	36,946	1,881	7,676	9,507	*

Note: Detail may not sum to totals due to rounding.

* Less than \$500

Individual Foreign Tax Credit/Foreign Earned Income, 1987

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Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, By Selected Recipient Type and Country of Recipient, p. 398.

Income paid to nonresident aliens and other foreign persons by U.S. persons is subject to a withholding tax imposed by the United States. A nonresident alien is an individual who is neither a citizen nor a resident of the United States. Income paid to corporations, estates, and trusts created outside of the U.S. is also subject to the withholding tax.

U.S. source income is subject to a 30 percent tax withheld by the U.S. payer, usually a financial institution. Income subject to the withholding tax includes wages and salaries, dividends, interest, royalties or fees. However, income that is "effectively connected" with the conduct of a trade or business within the U.S. is taxed separately.

For residents of certain countries having tax treaties with the United States, U.S. source income may be subject to withholding at a rate lower than 30%. In addition, certain income may be exempt from the withholding tax altogether. Tax is no longer withheld for most interest payments to foreigners. This change was enacted in 1984 to lessen the attractiveness of financing through tax-haven countries.

The basis of the data contained in this section is the Form 1042S filed by U.S. payers. A copy of this form and the accompanying instructions are in Section 15 of this compendium.

* Form 1042S, Income Subject to Withholding under Chapter 3, Internal Revenue Code, and Instructions (p. 438)

Table 1.--Forms 1042S for 1984: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Non-treaty Countries, 1984

(Money amounts are in thousands of dollars)

Country or geographic area	Number of Forms 1042S	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	By domestic withholding agents	By foreign government and withholding agents
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total.....	780,708	17,106,632	9,368,142	7,738,490	1,057,453	969,553	87,900
Treaty countries, total.....	643,716	15,607,203	8,503,088	7,104,119	910,555	822,655	87,900
Australia.....	15,581	62,653	16,703	45,950	7,592	7,592	-
Austria.....	3,411	24,635	15,790	8,845	1,556	1,556	-
Belgium.....	12,264	826,995	710,197	116,798	18,459	18,459	1,563
Canada.....	310,976	1,814,713	966,332	848,381	124,056	124,056	-
Denmark.....	2,497	13,492	8,313	5,179	737	737	3
Egypt.....	452	28,580	28,204	376	72	72	-
Finland.....	683	9,352	6,460	2,892	348	348	-
France.....	18,625	819,238	204,876	614,362	60,601	60,408	193
Greece.....	5,787	9,102	4,819	4,284	1,200	1,200	-
Ireland.....	5,776	16,870	5,781	11,089	1,633	1,633	-
Italy.....	9,190	66,465	25,292	41,173	8,227	8,227	-
Japan.....	12,264	1,393,545	146,343	1,247,202	130,418	130,418	-
Luxembourg.....	2,631	90,090	48,903	41,187	8,782	8,782	-
Netherlands.....	9,919	1,918,889	1,055,443	863,447	66,396	66,137	259
Netherlands Antilles.....	3,257	2,812,549	2,702,547	110,002	18,844	18,844	-
New Zealand.....	2,116	5,061	615	4,446	576	576	-
Norway.....	3,985	49,948	43,212	6,736	1,118	1,118	-
Poland.....	410	5,109	1,877	3,232	898	898	-
South Africa.....	2,554	5,739	444	5,295	1,452	1,452	-
South Korea.....	541	5,171	1,767	3,405	755	755	-
Sweden.....	6,237	99,950	24,553	75,397	6,723	6,723	-
Switzerland.....	23,904	1,450,913	314,813	1,136,100	226,525	141,565	84,960
Trinidad and Tobago.....	449	10,929	10,472	458	132	132	-
United Kingdom.....	136,555	3,091,489	1,462,897	1,628,592	179,093	178,172	921
West Germany.....	46,638	963,166	691,774	271,392	42,398	42,398	-
Other treaty countries.....	7,014	12,560	4,661	7,899	1,964	1,964	-
Nontreaty countries, total.....	136,989	1,499,429	865,054	634,371	146,898	146,898	-
Argentina.....	5,749	15,879	7,845	8,034	2,185	2,185	-
Bahamas.....	2,430	46,280	14,857	31,423	9,072	9,072	-
Barbados.....	374	19,317	520	18,797	3,749	3,749	-
Bermuda.....	1,902	88,347	21,804	66,543	19,103	19,103	-
Brazil.....	3,440	20,830	12,345	8,485	2,527	2,527	-
British Virgin Islands.....	432	14,393	566	13,827	2,825	2,825	-
Cayman Islands.....	1,023	58,953	46,242	12,711	3,765	3,765	-
Hong Kong.....	10,886	65,494	27,296	38,198	11,235	11,235	-
Israel.....	4,877	12,156	3,044	9,112	2,272	2,272	-
Jersey.....	647	11,641	236	11,405	3,043	3,043	-
Kuwait.....	990	13,119	4,523	8,596	2,377	2,377	-
Liberia.....	439	23,329	13,634	9,694	2,883	2,883	-
Liechtenstein.....	968	26,400	9,162	17,238	5,138	5,138	-
Mexico.....	13,530	52,905	11,593	41,312	12,274	12,274	-
Panama.....	3,499	100,865	52,574	48,291	14,319	14,319	-
Portugal.....	1,381	28,816	876	27,941	1,395	1,395	-
Puerto Rico.....	4,366	7,295	4,494	2,801	824	824	-
Saudi Arabia.....	3,370	351,990	346,818	5,172	1,532	1,532	-
Singapore.....	3,571	26,709	22,144	4,565	1,345	1,345	-
Spain.....	5,726	39,260	22,791	16,469	4,558	4,558	-
Taiwan.....	1,572	11,131	8,589	2,543	738	738	-
United Arab Emirates.....	1,034	143,449	142,832	617	182	182	-
Venezuela.....	6,124	22,151	13,228	8,923	2,548	2,548	-
Other nontreaty countries.....	58,662	298,720	77,041	221,674	37,009	37,009	-

Foreign Recipients of U.S. Income, 1984

Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984

(Money amounts are in thousands of dollars)

Country or geographic area	Number of Forms 1042S	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All countries, total.....	780,708	969,553	17,106,632	10,035,675	5,617,707	899,427	155,629
Individuals.....	572,259	143,611	1,223,373	429,163	436,739	100,000	124,695
Corporations.....	60,256	545,401	11,678,090	7,220,590	3,490,617	725,928	19,778
Antigua.....	66	13	630	514	32	80	-
Individuals.....	46	3	20	2	10	4	-
Corporations.....	6	1	581	500	5	76	-
Argentina.....	5,749	2,185	15,879	9,473	3,614	397	799
Individuals.....	4,497	1,267	7,856	2,899	2,589	125	759
Corporations.....	89	587	2,081	1,591	179	257	35
Australia.....	15,508	7,544	60,856	15,516	23,405	14,415	4,790
Individuals.....	13,109	2,456	14,353	1,334	4,594	1,787	4,677
Corporations.....	681	3,120	30,230	11,918	9,939	7,886	73
Austria.....	3,411	1,556	24,635	13,615	7,952	469	850
Individuals.....	2,218	732	6,553	1,196	2,696	121	836
Corporations.....	122	310	9,378	7,203	1,914	250	10
Bahamas.....	2,430	9,072	46,280	14,210	25,314	2,826	317
Individuals.....	1,098	1,117	4,797	867	2,425	690	185
Corporations.....	630	4,148	22,388	6,110	11,315	2,128	-
Bahrain.....	598	624	3,532	2,470	1,007	13	4
Individuals.....	487	223	800	369	396	13	-
Corporations.....	28	281	2,150	1,907	239	-	-
Barbados.....	374	3,749	19,317	3,857	15,388	1/	-
Individuals.....	200	139	771	265	459	-	-
Corporations.....	109	3,502	17,551	3,263	14,287	-	-
Belgium.....	12,264	16,896	826,995	746,165	53,115	14,242	7,762
Individuals.....	8,717	1,713	13,300	3,039	6,010	291	1,911
Corporations.....	881	11,283	106,701	56,084	27,972	13,815	5,813
Belize.....	88	1,070	3,965	3,794	155	-	-
Individuals.....	70	6	50	2	33	-	-
Corporations.....	11	1,037	3,464	3,393	72	-	-
Bermuda.....	1,902	19,103	88,347	27,621	48,861	4,394	1,572
Individuals.....	1,006	2,224	8,280	1,200	5,900	34	763
Corporations.....	341	13,378	53,527	17,374	26,277	4,354	61
Bolivia.....	550	131	1,228	860	354	1	3
Individuals.....	472	116	763	429	318	1	3
Corporations.....	11	3	29	28	1	-	-
Brazil.....	3,440	2,527	20,830	14,813	2,474	664	2,228
Individuals.....	2,846	1,322	6,808	2,477	1,378	207	2,173
Corporations.....	130	803	12,226	11,481	315	400	-
British Virgin Islands.....	432	2,825	14,393	2,569	11,541	252	-
Individuals.....	192	322	1,357	77	1,228	28	-
Corporations.....	101	1,916	9,740	2,003	7,578	151	-
Bulgaria.....	252	126	444	109	25	1/	193
Individuals.....	226	122	431	105	24	1/	193
Corporations.....	10	1	4	1	-	-	-
Canada.....	310,976	124,055	1,814,713	842,491	715,657	130,400	18,875
Individuals.....	232,092	22,091	183,204	29,386	93,247	13,910	13,641
Corporations.....	25,464	61,763	1,218,893	690,512	349,701	108,658	3,327
Cayman Islands.....	1,023	3,765	58,953	48,515	9,042	1,039	94
Individuals.....	229	690	4,563	3,523	915	43	81
Corporations.....	427	1,415	35,326	30,827	3,306	991	13
Chile.....	1,970	970	4,194	1,160	2,249	290	278
Individuals.....	1,567	570	2,622	596	1,528	43	268
Corporations.....	86	222	743	316	214	212	-
China.....	1,952	813	4,157	275	1,714	261	135
Individuals.....	1,571	374	2,545	181	431	257	109
Corporations.....	28	335	1,116	22	1,088	2	-
China (Taiwan).....	1,572	738	11,131	8,150	2,384	25	293
Individuals.....	1,376	528	2,431	624	1,234	20	288
Corporations.....	20	53	717	674	33	1/	5
Columbia.....	2,590	746	3,798	1,550	1,757	129	217
Individuals.....	2,150	541	2,468	803	1,255	112	164
Corporations.....	114	72	595	355	194	15	23

Footnote at end of table.

Foreign Recipients of U.S. Income, 1984

Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984--Continued

(Money amounts are in thousands of dollars)

Country or geographic area	Number of Forms 1042S	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Costa Rica.....	964	434	2,188	387	1,143	101	65
Individuals.....	746	267	1,515	272	610	93	63
Corporations.....	42	25	85	3	73	8	-
Czechoslovakia.....	405	505	2,148	278	102	242	1,291
Individuals.....	355	412	1,802	213	89	9	1,291
Corporations.....	12	61	204	21	2	182	-
Denmark.....	2,497	734	13,492	4,174	4,691	3,303	739
Individuals.....	2,182	346	2,941	248	1,303	134	672
Corporations.....	79	165	5,320	490	1,786	3,045	-
East Germany.....	411	257	2,692	1,540	394	330	279
Individuals.....	360	235	2,343	1,531	390	29	253
Corporations.....	8	3	161	9	1/	144	-
Ecuador.....	864	300	2,395	457	506	875	112
Individuals.....	742	275	1,609	266	428	360	112
Corporations.....	23	6	498	1	21	476	-
El Salvador.....	310	227	939	238	592	46	33
Individuals.....	266	196	788	183	504	41	33
Corporations.....	16	10	40	11	28	-	-
Finland.....	683	348	9,352	3,773	1,584	1,982	760
Individuals.....	583	157	1,804	309	201	12	759
Corporations.....	28	70	5,286	2,012	1,354	1,919	-
France.....	18,565	60,396	819,180	251,052	430,028	116,488	8,410
Individuals.....	13,737	5,584	64,669	12,908	16,091	20,863	8,127
Corporations.....	1,012	28,875	516,711	178,130	247,206	86,472	167
Gibraltar.....	87	75	264	18	236	10	-
Individuals.....	61	34	114	113	-	-	-
Corporations.....	18	30	113	7	95	10	-
Greece.....	5,787	1,200	9,102	2,249	3,562	127	569
Individuals.....	5,147	689	6,281	1,073	2,020	117	535
Corporations.....	107	115	1,131	368	1	1/	-
Guam.....	368	22	243	170	52	1/	-
Individuals.....	328	14	67	42	1/	-	-
Corporations.....	10	5	22	20	2	-	-
Guatemala.....	797	298	1,815	803	819	114	2
Individuals.....	665	229	860	157	510	114	2
Corporations.....	28	15	739	597	142	-	-
Guernsey.....	330	1,340	5,427	1,543	3,862	5	-
Individuals.....	74	194	918	350	555	-	-
Corporations.....	209	858	3,506	1,083	2,415	5	-
Honduras.....	738	248	1,366	1,283	434	17	329
Individuals.....	678	189	1,127	94	234	7	329
Corporations.....	14	38	151	20	122	10	-
Hong Kong.....	10,886	11,235	65,494	29,532	33,034	1,480	871
Individuals.....	8,386	4,285	16,980	2,235	13,139	454	783
Corporations.....	695	4,876	25,448	10,828	13,344	1,019	63
India.....	1,645	1,413	9,603	3,213	481	2,803	462
Individuals.....	1,453	501	5,080	1,924	326	41	429
Corporations.....	42	850	3,639	710	46	2,759	5
Iran.....	965	347	1,658	631	886	15	37
Individuals.....	822	264	1,192	376	681	15	27
Corporations.....	15	1	4	1/	4	-	-
Ireland.....	5,776	1,633	16,870	4,093	10,682	1,122	425
Individuals.....	5,174	469	4,671	554	2,069	1,097	424
Corporations.....	148	700	8,760	3,346	5,413	1/	1
Isle of Man.....	186	232	793	91	631	47	-
Individuals.....	127	108	367	54	241	45	-
Corporations.....	21	54	183	6	177	-	-
Israel.....	4,877	2,272	12,156	4,285	3,503	321	1,267
Individuals.....	3,949	1,241	7,161	1,417	1,647	228	1,256
Corporations.....	140	444	2,518	2,299	116	55	-
Italy.....	9,190	8,227	66,465	19,834	25,111	10,411	5,187
Individuals.....	7,710	5,064	27,906	2,992	7,167	7,327	4,959
Corporations.....	249	2,597	29,827	12,510	15,036	2,021	159
Jamaica.....	719	89	1,204	143	217	204	132
Individuals.....	628	64	868	86	160	20	132
Corporations.....	9	2	11	-	11	1/	-

Footnote at end of table.

Foreign Recipients of U.S. Income, 1984

Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984--Continued

[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Japan.....	12,264	130,418	1,393,545	886,476	280,717	165,819	10,151
Individuals.....	9,641	10,958	114,850	93,305	5,861	1,645	8,616
Corporations.....	1,833	112,351	1,175,224	722,838	251,901	157,839	1,261
Jersey.....	647	3,043	11,641	789	10,606	19	71
Individuals.....	149	141	483	76	406	-	1
Corporations.....	152	1,415	5,865	239	5,402	-	68
Kuwait.....	990	2,377	13,119	7,347	5,642	12	26
Individuals.....	649	631	2,202	240	1,915	12	26
Corporations.....	89	1,141	4,899	2,757	2,074	-	-
Lebanon.....	1,681	720	4,922	2,017	2,172	205	174
Individuals.....	1,490	542	2,527	366	1,620	65	124
Corporations.....	21	42	139	17	72	-	50
Liberia.....	439	2,883	23,329	14,371	8,531	407	-
Individuals.....	306	240	1,148	337	765	41	-
Corporations.....	71	2,478	21,593	13,871	7,352	366	-
Liechtenstein.....	968	5,138	26,400	5,613	20,109	224	172
Individuals.....	344	1,120	4,880	584	4,202	2	21
Corporations.....	222	1,744	7,039	2,503	4,040	213	151
Luxembourg.....	2,631	8,782	90,090	46,281	42,461	22	112
Individuals.....	540	513	3,590	1,635	1,799	4	91
Corporations.....	839	4,111	43,765	22,121	21,438	17	-
Malaysia.....	1,059	169	1,119	510	466	22	37
Individuals.....	947	132	530	73	334	1	37
Corporations.....	20	11	484	433	31	21	-
Mexico.....	13,530	12,274	52,905	22,688	12,564	6,341	2,281
Individuals.....	11,746	5,593	23,459	5,229	8,433	5,203	2,228
Corporations.....	376	5,283	18,031	10,446	2,429	646	28
Monaco.....	495	1,199	5,756	1,133	3,909	69	368
Individuals.....	346	704	3,566	842	2,079	57	368
Corporations.....	38	159	585	79	506	1/	-
Morocco.....	187	226	1,144	208	695	23	105
Individuals.....	132	92	477	93	177	6	105
Corporations.....	13	15	107	15	92	-	-
Netherlands.....	9,919	66,137	1,918,889	995,643	865,187	39,645	2,770
Individuals.....	6,040	2,934	74,874	49,987	14,902	4,328	2,564
Corporations.....	1,330	53,738	1,723,846	900,950	777,083	34,220	30
Netherlands Antilles.....	3,257	18,844	2,812,549	2,619,895	115,981	62,090	422
Individuals.....	843	3,584	48,713	24,840	22,643	1,130	40
Corporations.....	1,553	11,016	2,608,174	2,475,626	59,230	60,680	98
New Zealand.....	2,116	576	5,061	2,982	1,063	216	349
Individuals.....	1,790	235	1,846	265	687	123	335
Corporations.....	83	42	320	45	212	62	-
Norway.....	3,985	1,118	49,948	41,695	5,542	883	514
Individuals.....	3,345	410	3,948	449	1,344	368	613
Corporations.....	127	478	43,197	40,145	2,671	376	1/
Panama.....	3,499	14,319	100,865	57,483	36,829	3,461	39
Individuals.....	1,617	2,314	12,175	4,889	6,595	246	29
Corporations.....	954	8,388	58,855	33,340	20,183	3,137	4
Peru.....	1,576	319	2,791	1,526	792	46	188
Individuals.....	1,262	241	1,876	945	577	33	116
Corporations.....	37	22	100	19	27	3	18
Philippines.....	4,165	1,034	4,892	1,072	1,464	120	190
Individuals.....	3,597	878	4,026	660	1,101	118	190
Corporations.....	112	34	203	151	37	1	-
Poland.....	410	898	5,109	255	2,807	117	1,552
Individuals.....	376	71	2,105	130	92	14	1,492
Corporations.....	11	814	2,870	73	2,677	90	30
Portugal.....	1,381	1,395	28,816	3,573	24,680	40	326
Individuals.....	1,116	238	1,273	210	555	6	322
Corporations.....	37	15	409	345	26	34	4
Puerto Rico.....	4,366	824	7,295	5,497	478	978	202
Individuals.....	3,842	141	568	127	393	1	23
Corporations.....	266	629	6,243	5,316	30	887	4
Romania.....	149	57	328	78	18	2	201
Individuals.....	132	55	297	66	18	2	201
Corporations.....	10	1	6	4	1/	-	-

Footnote at end of table

Foreign Recipients of U.S. Income, 1984

Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984--Continued

[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Saudi Arabia.....	3,370	1,532	351,990	327,576	15,969	145	8,169
Individuals.....	2,855	1,164	6,706	816	3,005	145	2,632
Corporations.....	65	183	61,181	48,893	12,272	-	-
Singapore.....	3,571	1,345	26,709	10,809	5,241	81	110
Individuals.....	3,226	856	3,089	133	2,599	76	108
Corporations.....	119	342	14,661	2,769	1,596	5	-
South Africa.....	2,554	1,452	5,739	1,165	3,066	276	555
Individuals.....	2,307	1,025	3,878	1,064	1,481	134	540
Corporations.....	52	258	1,253	44	1,127	77	1/
South Korea.....	541	755	5,171	2,145	2,060	14	581
Individuals.....	435	92	1,247	235	151	13	545
Corporations.....	40	205	1,418	962	447	1	-
Spain.....	5,726	4,558	39,260	26,334	6,733	1,136	3,998
Individuals.....	4,716	2,394	10,896	2,375	3,255	319	3,924
Corporations.....	259	1,226	6,841	663	608	-	-
Sweden.....	6,237	6,723	99,950	10,213	66,344	13,006	6,988
Individuals.....	5,496	2,540	14,216	1,361	2,348	476	6,795
Corporations.....	157	3,289	78,939	8,198	58,337	12,297	32
Switzerland.....	23,904	141,565	1,450,913	463,715	909,130	55,332	4,021
Individuals.....	10,693	12,802	110,519	39,440	59,991	3,258	2,928
Corporations.....	3,186	83,094	908,647	321,252	527,160	49,092	1,087
Thailand.....	754	169	1,911	947	513	256	74
Individuals.....	663	117	879	105	340	255	64
Corporations.....	13	22	503	432	65	-	-
Turks and Caicos.....	39	147	518	450	49	19	-
Individuals.....	15	90	175	151	4	19	-
Corporations.....	386	104	906	247	103	501	13
U.S.S.R.....	327	94	410	246	71	39	13
Individuals.....	14	1/	446	-	1	444	-
Corporations.....	13	182	143,449	142,080	1,334	11	12
United Arab Emirates.....	1,034	121	432	121	287	11	1
Individuals.....	930	124	8,210	8,189	21	-	-
Corporations.....	13	8	3,091,489	1,560,455	1,308,979	144,309	33,651
United Kingdom.....	136,555	178,172	1,560,455	24,567	52,958	16,638	27,772
Individuals.....	94,257	15,144	135,471	1,047,497	794,585	102,864	5,573
Corporations.....	12,230	80,495	1,980,017	3,022	2,352	35	15
Uruguay.....	1,104	710	5,598	1,239	607	3	15
Individuals.....	653	226	1,946	454	719	1/	-
Corporations.....	63	221	1,258	12,191	6,976	1,236	914
Venezuela.....	6,124	2,548	22,151	9,575	5,284	235	828
Individuals.....	4,932	1,931	16,400	1,068	475	983	40
Corporations.....	179	242	2,886	605	887	234	47
Virgin Islands - U.S.....	2,105	187	1,789	161	366	26	-
Individuals.....	1,830	75	787	335	197	208	47
Corporations.....	39	75	963,166	539,477	287,934	88,437	10,942
West Germany.....	46,638	42,398	150,133	69,984	37,207	15,756	9,266
Individuals.....	34,600	20,792	629,107	386,154	177,123	61,644	1,086
Corporations.....	1,711	619	2,236	449	1,300	41	67
Yugoslavia.....	870	242	929	326	186	23	67
Individuals.....	11	270	914	27	870	16	-
Corporations.....	129	47	166	20	107	-	-
Zimbabwe.....	96	30	110	18	55	-	-
Individuals.....	14	10	33	2	29	-	-
Corporations.....	255	23,250	263,885	124,289	107,327	3,657	5,742
Other countries.....	35,957	6,799	40,823	15,278	14,858	477	5,214
Individuals.....	25,466	6,622	125,663	97,440	15,007	1,776	459
Corporations.....	1,668	6,622	-	-	-	-	-

1/less than \$500.

Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries
(Money amounts are in thousands of dollars)

Country or geographic area	Number of Forms 1042S	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	By domestic withholding agents	By foreign government and withholding agents
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	933,512	\$17,501,189	\$9,936,663	\$7,564,526	\$1,041,722	\$940,094	\$101,628
Treaty countries	719,183	15,582,787	8,710,327	6,864,460	892,168	790,540	101,628
Australia	15,713	92,799	30,590	62,209	8,874	8,874	—
Austria	3,301	24,768	12,238	12,530	3,533	2,019	1,514
Belgium	10,948	678,966	819,287	—	9,221	9,221	—
Canada	305,758	2,032,458	1,227,972	804,486	97,650	97,650	—
Denmark	3,044	18,456	9,222	9,234	1,273	1,273	—
Egypt	452	3,678	2,947	731	149	149	—
Finland	1,157	32,563	8,562	24,001	1,679	1,679	—
France	19,439	703,754	186,293	517,461	54,569	53,689	880
Greece	14,962	37,929	5,076	32,853	5,326	5,326	—
Ireland	8,051	25,577	5,883	19,694	2,925	2,925	—
Italy	34,320	161,655	45,221	116,434	19,304	19,304	—
Jamaica	1,820	5,722	—	4,852	679	679	—
Japan	16,657	1,840,381	348,091	1,492,290	161,185	161,185	—
Luxembourg	2,505	107,441	68,588	38,853	8,837	8,837	—
Netherlands	9,084	1,158,252	743,378	414,874	41,962	41,784	178
Netherlands Antilles	3,022	3,147,131	2,975,333	171,798	22,906	22,906	—
New Zealand	2,054	31,373	26,673	4,700	586	586	—
Norway	6,243	24,161	9,615	14,546	2,256	2,256	—
Philippines	30,681	75,999	2,574	73,425	11,394	11,394	—
Poland	2,830	11,556	2,469	9,087	1,404	1,404	—
South Africa	2,432	5,173	568	4,605	1,282	1,282	—
Sweden	8,358	86,667	15,554	71,113	7,784	7,784	—
Switzerland	21,683	1,268,658	373,243	895,415	195,043	195,043	96,721
Trinidad and Tobago	767	11,671	9,832	1,839	296	296	—
United Kingdom	135,496	2,834,161	1,204,092	1,630,069	173,627	171,293	2,334
West Germany	54,623	937,931	565,471	372,460	57,361	57,361	—
Other treaty countries	3,183	11,187	6,303	4,884	1,063	1,063	—
Nontreaty countries	214,329	1,918,403	1,216,336	700,065	149,554	149,554	—
Argentina	6,351	17,700	8,233	9,467	2,217	2,217	—
Bahamas	2,303	72,960	36,127	36,833	10,294	10,294	—
Barbados	575	5,677	1,648	4,029	954	954	—
Bermuda	1,713	176,131	132,586	43,545	12,568	12,568	—
Brazil	3,874	15,345	7,650	8,295	2,025	2,025	—
British Virgin Islands	517	10,813	1,906	8,905	2,396	2,396	—
Cayman Islands	1,066	90,776	78,188	12,588	3,413	3,413	—
Hong Kong	11,687	125,491	45,413	80,078	11,571	11,571	—
Israel	5,689	17,128	5,812	11,316	2,386	2,386	—
Jersey	428	12,680	1,757	10,923	2,977	2,977	—
Kuwait	833	24,175	17,603	6,572	1,928	1,928	—
Libia	368	23,646	14,037	9,609	2,848	2,848	—
Liechtenstein	857	17,498	4,978	12,520	3,739	3,739	—
Mexico	74,950	209,810	35,404	174,406	30,763	30,763	—
Panama	3,919	108,128	54,501	51,527	14,830	14,830	—
Portugal	6,613	19,051	5,692	13,359	2,791	2,791	—
Puerto Rico	3,729	6,805	5,692	1,113	323	323	—
Saudi Arabia	3,714	202,821	197,635	5,186	1,369	1,369	—
Singapore	3,621	93,378	89,305	4,073	1,194	1,194	—
Spain	8,155	41,800	17,380	24,420	5,469	5,469	—
Taiwan	1,808	5,312	2,331	2,981	799	799	—
United Arab Emirates	740	269,038	268,360	678	201	201	—
Venezuela	5,876	21,217	12,895	8,322	2,310	2,310	—
Other nontreaty countries	64,943	332,425	177,879	154,546	30,189	30,189	—

Foreign Recipients of U.S. Income, 1985

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient
(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					Personal service
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All countries, total	933,512	\$940,094	\$17,501,189	\$9,852,258	\$5,650,519	\$975,896	\$748,374	\$147,451
Individuals	764,303	194,060	1,841,153	942,085	542,040	99,395	748,374	118,510
Corporations	56,682	552,217	12,650,590	8,164,336	3,175,890	829,987	—	—
Argentina	6,351	2,217	17,700	9,602	2,983	331	3,014	28,615
Individuals	5,356	1,581	10,025	1,755	237	133	3,014	94
Corporations	88	435	2,092	2,850	2,285	133	—	—
Australia	15,713	8,874	92,799	25,149	30,849	21,557	3,377	7,550
Individuals	13,568	2,487	16,957	1,438	4,270	3,377	—	2,682
Corporations	529	4,573	37,006	22,497	26,579	18	—	—
Austria	3,901	2,019	62,129	23,135	16,609	15,926	—	—
Individuals	2,960	1,298	17,418	7,855	368	506	2,827	1,287
Corporations	208	483	14,577	8,028	199	2,827	—	1,286
Bahamas	2,303	1,049	72,960	39,845	30,454	967	661	(7)
Individuals	1,247	1,049	5,296	1,322	2,713	34	661	193
Corporations	554	5,861	14,257	31,100	20,102	28	—	—
Bahrain	446	520	5,059	3,778	1,202	18	4	(7)
Individuals	353	131	52	354	140	18	—	—
Corporations	47	336	4,351	3,380	928	24	906	—
Barbados	460	217	5,677	1,728	2,302	24	906	(7)
Individuals	450	158	1,938	503	2,165	24	—	—
Corporations	47	649	2,410	245	—	—	—	—
Belgium	10,948	9,221	878,966	823,571	31,641	16,885	1,598	2,381
Individuals	8,453	1,541	13,582	2,102	4,947	533	1,598	2,051
Corporations	1,221	5,194	13,582	11,936	16,285	7,370	—	339
Bermuda	1,713	12,568	176,131	59,029	30,937	2	—	—
Individuals	894	1,924	7,247	784	5,517	2	—	—
Corporations	375	8,597	154,000	56,892	18,087	7,290	—	—
Bolivia	541	158	2,827	218	311	2	164	302
Individuals	449	128	728	218	311	2	164	15
Corporations	11	2	239	113	126	—	—	—
Brazil	3,874	2,025	15,945	8,381	1,631	679	2,682	1,425
Individuals	3,437	1,547	9,897	2,894	1,213	560	2,682	1,407
Corporations	87	318	4,817	4,387	148	73	—	—
British Virgin Islands	517	2,396	10,813	1,266	8,608	102	—	—
Individuals	269	89	626	231	352	38	—	—
Corporations	133	1,510	6,965	500	558	150	—	—
Canada	305,758	97,650	2,032,458	850,363	710,137	110,306	160,902	19,443
Individuals	246,755	17,724	315,181	30,511	65,907	15,017	160,902	12,236
Corporations	21,517	63,544	1,352,437	752,425	401,274	90,828	—	6,629
Cayman Islands	1,066	3,413	90,776	81,772	8,166	79	404	—
Individuals	508	314	6,540	737	13	404	—	—
Corporations	520	1,735	71,101	66,380	8,166	79	404	—
Chile	2,129	842	5,801	2,349	66	66	—	50
Individuals	1,772	631	3,597	1,778	879	285	945	265
Corporations	357	211	2,204	1,522	770	381	—	—
China	1,321	1,185	702	150	285	250	—	—
Individuals	1,201	405	6,724	2,808	1,65	74	55	294
Corporations	28	351	1,224	51	1,135	9	55	269
Colombia	3,230	1,064	7,427	3,026	1,480	182	2,342	25
Individuals	2,823	861	5,380	1,429	1,061	163	2,342	70
Corporations	78	78	566	442	103	15	—	—
Costa Rica	1,690	796	5,229	1,176	1,009	352	2,264	15
Individuals	1,532	666	4,003	357	709	336	—	—
Corporations	54	385	1,515	154	290	1	—	—
Czechoslovakia	1,268	931	5,219	218	80	200	3,949	961
Individuals	1,247	886	5,219	218	78	1	3,949	961
Corporations	13	12	59	15	2	37	—	—
Denmark	3,044	1,272	18,456	5,073	6,384	2,114	3,442	690
Individuals	2,785	520	6,301	506	823	150	3,442	650
Corporations	102	239	9,532	3,473	4,121	1,879	—	—
Dominican Republic	2,605	918	6,286	212	283	38	5,469	102
Individuals	2,559	904	6,169	135	252	38	5,469	102
Corporations	16	7	23	4	9	—	—	—
Ecuador	1,707	666	5,035	597	667	776	2,706	134
Individuals	1,591	640	4,093	588	232	277	2,706	134
Corporations	24	6	581	85	19	—	—	—
Egypt	452	149	3,678	474	214	21	329	—
Individuals	380	129	1,189	415	153	21	329	—
Corporations	17	247	2,422	14	14	—	—	—
El Salvador	611	247	1,840	559	278	69	—	—
Individuals	567	208	1,643	485	182	51	891	11
Corporations	29	43	193	70	90	(7)	891	11
Finland	1,157	1,679	32,583	5,475	19,737	2,045	713	713
Individuals	1,078	457	8,208	4,387	148	2,075	713	713
Corporations	30	979	22,725	1,081	19,573	2,036	—	—
France	19,302	53,646	703,357	204,622	278,712	184,645	9,058	12,213
Individuals	14,215	8,627	95,754	8,083	28,755	29,852	9,058	12,213
Corporations	1,098	487,740	180,920	2,485	151,329	151,032	—	63
Greece	14,962	5,326	37,929	1,663	1,833	132	29,128	767
Individuals	14,389	4,915	36,337	1,565	1,633	132	29,128	767
Corporations	115	92	352	94	248	134	908	131
Guatemala	1,115	399	2,697	910	585	134	908	124
Individuals	999	346	1,992	342	47	—	—	—
Corporations	29	17	266	218	134	—	—	—
Guernsey	249	1,738	6,978	1,545	554	6	—	—
Individuals	50	226	968	341	610	(7)	—	—
Corporations	119	903	3,929	461	—	—	—	—

Footnote: as end of table

Foreign Recipients of U.S. Income, 1985

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued
(Money amounts are in thousands of dollars)

Country or geographic area and recipient type		Number of Forms 1042S	Tax withheld	Total	Interest	Income paid				
and recipient type						Dividends	Rents and royalties	Social security and railroad retirement	Personal service	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Honduras	Individuals	1,167	339	2,311	188	328	22	943	299	
	Corporations	1,106	311	2,071	61	221	22	943	299	
	Individuals	25	15	117	71	39	—	—	—	
Hong Kong	Individuals	11,687	11,574	125,471	48,308	28,958	1,785	5,050	635	
	Corporations	9,354	5,470	63,928	5,719	13,068	737	—	28	
	Individuals	812	4,964	48,976	33,689	13,019	875	—	261	
India	Individuals	1,716	734	6,849	2,551	788	58	523	241	
	Corporations	1,532	637	4,034	239	513	43	523	20	
	Individuals	34	50	1,021	668	128	12	27	47	
Indonesia	Individuals	674	200	1,831	730	1,147	8	7,763	582	
	Corporations	506	155	1,831	325	102	(1)	7,763	581	
	Individuals	68	22	440	325	102	13	2	8	
Israel	Individuals	987	320	2,487	1,620	877	13	2	8	
	Corporations	849	274	1,342	591	501	10	—	—	
	Individuals	9	10	40	40	—	—	—	—	
Italy	Individuals	8,051	2,925	25,577	4,594	11,511	516	7,763	582	
	Corporations	7,587	1,561	11,547	534	1,842	232	7,763	581	
	Individuals	143	968	11,061	4,025	6,771	280	—	(1)	
Japan	Individuals	5,689	2,386	17,128	6,563	3,966	496	3,521	877	
	Corporations	4,764	1,565	9,968	1,351	1,524	239	3,521	873	
	Individuals	116	367	2,947	2,417	222	155	—	—	
Korea	Individuals	34,320	367	161,685	37,947	16,197	10,908	85,359	5,317	
	Corporations	33,373	17,185	112,401	2,839	4,399	8,779	85,359	5,181	
	Individuals	276	1,467	43,072	34,442	6,558	1,918	—	48	
Lebanon	Individuals	1,820	673	5,042	718	315	77	4,081	45	
	Corporations	1,724	553	5,042	32	15	129	4,081	45	
	Individuals	16,657	161,185	1,840,381	1,185,670	317,994	208,425	9,914	13,608	
Luxembourg	Individuals	14,111	2,201	44,863	11,808	3,308	1,127	9,914	7,959	
	Corporations	2,093	153,667	1,727,538	1,126,335	301,524	200,402	—	5,628	
	Individuals	428	2,977	12,680	2,584	9,955	2	—	8	
Malaysia	Individuals	93	92	351	128	220	2	—	—	
	Corporations	184	1,651	8,124	2,087	5,899	56	4	58	
	Individuals	633	1,928	24,175	18,866	4,906	55	—	55	
Mexico	Individuals	800	936	1,853	148	1,553	55	—	—	
	Corporations	111	915	20,357	17,727	2,310	48	360	52	
	Individuals	1,401	601	5,037	3,107	1,312	48	360	52	
Morocco	Individuals	1,262	489	2,700	981	1,158	48	—	—	
	Corporations	25	21	1,559	1,497	62	104	47	(1)	
	Individuals	368	2,848	23,646	14,731	8,746	(1)	47	—	
Netherlands	Individuals	184	1,651	8,124	511	6,031	103	—	127	
	Corporations	633	1,928	24,175	18,866	4,906	55	4	58	
	Individuals	800	936	1,853	148	1,553	55	—	—	
New Zealand	Individuals	111	915	20,357	17,727	2,310	48	360	52	
	Corporations	1,401	601	5,037	3,107	1,312	48	360	52	
	Individuals	1,262	489	2,700	981	1,158	48	—	—	
Norway	Individuals	25	21	1,559	1,497	62	104	47	(1)	
	Corporations	368	2,848	23,646	14,731	8,746	(1)	47	—	
	Individuals	184	1,651	8,124	511	6,031	103	—	127	
Panama	Individuals	78	1,947	19,942	13,806	6,048	10,305	176	9	
	Corporations	857	3,739	17,498	6,848	10,305	176	9	—	
	Individuals	318	1,145	4,542	1,250	3,264	156	—	127	
Peru	Individuals	286	1,270	5,190	1,353	3,711	62	158	76	
	Corporations	2,505	8,837	107,441	89,259	37,696	82	158	27	
	Individuals	564	203	1,418	1,183	884	9	158	76	
Portugal	Individuals	871	571	65,850	43,047	22,564	53	—	49	
	Corporations	871	571	65,850	43,047	22,564	53	—	49	
	Individuals	1,049	558	5,070	4,432	372	64	24	4	
Singapore	Individuals	978	122	555	2	258	—	—	—	
	Corporations	26	414	2,407	2,386	51	—	—	—	
	Individuals	74,950	30,763	209,810	44,367	10,864	5,352	139,621	1,446	
Spain	Individuals	73,446	26,011	167,003	8,908	9,092	4,500	139,621	1,410	
	Corporations	412	4,200	30,587	24,885	9,092	1,255	—	18	
	Individuals	499	1,765	8,103	1,916	3,634	98	782	—	
Sweden	Individuals	379	1,366	5,760	1,052	2,304	1,066	98	782	
	Corporations	42	108	1,133	618	350	168	—	—	
	Individuals	9,084	41,784	1,158,252	677,650	411,662	53,451	4,582	3,001	
Switzerland	Individuals	6,718	2,729	25,388	7,938	6,808	502	4,582	2,905	
	Corporations	1,203	32,714	1,074,477	656,294	351,189	51,879	363	24	
	Individuals	3,022	22,906	9,147,131	2,931,232	167,083	29,954	363	30	
Taiwan	Individuals	862	2,025	88,625	74,550	12,630	46	—	143	
	Corporations	1,464	17,287	2,061,710	2,782,790	129,308	29,954	363	30	
	Individuals	2,054	586	31,373	3,149	226	389	298	313	
Thailand	Individuals	1,768	266	2,223	226	599	130	298	256	
	Corporations	77	2	26,385	348	1,715	8	—	55	
	Individuals	6,243	2,256	24,161	7,890	3,758	1,237	10,075	718	
United Kingdom	Individuals	5,796	1,864	13,627	387	1,112	679	10,075	659	
	Corporations	159	264	6,158	6,044	1,696	458	—	333	
	Individuals	3,919	14,830	106,128	68,268	28,545	3,647	909	314	
United States	Individuals	1,132	11,034	13,216	5,793	5,780	5,534	—	7	
	Corporations	1,132	11,034	13,216	5,793	5,780	5,534	—	7	
	Individuals	1,664	481	3,694	1,790	772	255	718	294	
Venezuela	Individuals	1,510	432	2,884	823	625	255	718	294	
	Corporations	34	20	67	1	60	49	69,038	224	
	Individuals	30,681	11,394	75,899	2,608	1,241	43	69,038	224	
Zimbabwe	Individuals	30,140	11,288	73,725	279	59	1	—	294	
	Corporations	93	48	19,051	811	509	45	17,172	209	
	Individuals	8,613	2,781	18,137	153	373	18	—	—	
Other countries	Individuals	62	21	627	501	822	225	18	126	
	Corporations	3,729	323	6,805	507	622	462	18	4	
	Individuals	3,299	159	5,274	4,981	108	85	2	5,085	
Total	Individuals	3,714	1,369	202,821	171,315	26,137	681	2	1,091	
	Corporations	3,335	1,050	4,072	154,983	23,859	2	—	3,974	
	Individuals	65	221	182,841	—	—	—	—	—	

Foreign Recipients of U.S. Income, 1985

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					Personal services
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Singapore	3,621	1,194	93,378	39,276	36,759	92	115	179
Individuals	3,278	709	3,514	1,051	2,386	90	115	179
Corporations	114	397	75,487	18,908	34,057	2	—	—
South Africa	2,432	1,282	5,173	933	1,870	337	472	—
Individuals	2,225	833	3,583	340	1,053	169	472	—
Corporations	49	169	601	95	461	34	—	—
South Korea	650	311	3,406	649	978	94	—	—
Individuals	560	128	1,971	119	216	94	—	—
Corporations	34	84	493	100	370	—	—	—
Spain	8,155	5,469	41,800	20,241	6,360	1,033	11,524	1,540
Individuals	7,435	3,338	18,072	1,058	2,811	197	11,524	1,540
Corporations	165	1,701	16,777	13,545	2,754	322	—	—
Sweden	8,358	7,784	86,667	9,958	52,340	2,869	11,478	12
Individuals	7,866	4,066	25,579	1,493	2,558	228	11,478	7,308
Corporations	181	3,302	55,917	7,355	48,391	2,060	—	—
Switzerland	21,683	98,322	1,288,858	595,145	538,115	67,558	3,685	4
Individuals	10,739	7,420	76,471	21,490	28,019	5,513	3,685	4,048
Corporations	3,340	65,072	990,842	538,033	356,399	60,820	—	2,830
Taiwan	1,808	799	5,312	2,020	1,437	24	157	1,158
Individuals	1,561	716	3,650	1,433	1,297	24	157	89
Corporations	25	62	310	250	35	—	—	65
Thailand	754	259	2,138	601	344	290	644	31
Individuals	691	225	1,509	63	278	289	644	30
Corporations	10	27	672	505	55	—	—	—
Trinidad and Tobago	787	296	11,671	2,614	175	163	1,571	35
Individuals	714	285	4,108	139	163	163	1,571	35
Corporations	13	8	884	858	26	—	—	—
United Arab Emirates	740	201	269,038	229,104	39,915	5	1	—
Individuals	649	166	589	282	284	5	1	—
Corporations	16	22	258,212	218,622	39,590	—	—	—
United Kingdom	135,496	171,293	2,834,161	918,691	1,651,616	154,193	31,082	27,183
Individuals	96,008	12,529	184,994	56,125	45,097	13,555	31,082	23,722
Corporations	11,815	84,016	1,795,346	772,022	860,478	125,298	—	2,810
Uruguay	1,106	706	5,938	3,283	2,665	317	91	44
Individuals	687	241	2,299	1,194	968	317	91	43
Corporations	89	310	1,850	789	968	—	—	1
Venezuela	5,876	2,310	21,217	12,838	5,884	939	877	222
Individuals	5,065	1,756	13,923	7,594	4,483	337	877	208
Corporations	183	350	3,650	2,259	771	591	—	2
West Germany	54,623	57,361	937,931	454,617	320,936	72,628	30,159	10,801
Individuals	45,432	14,214	131,649	29,294	38,524	8,214	30,159	10,338
Corporations	1,627	30,095	683,489	397,594	206,054	57,291	—	62
Yugoslavia	3,862	2,030	14,085	1,731	407	112	11,651	130
Individuals	3,771	1,932	12,550	167	174	112	11,651	130
Corporations	13	50	166	40	121	2	—	—
Other Countries	38,672	14,923	232,348	61,106	92,631	7,342	43,838	6,871
Individuals	31,312	9,545	76,767	8,284	10,131	581	43,838	6,474
Corporations	1,353	1,938	115,009	50,111	70,500	6,645	—	8

1 Less than \$500

Foreign Recipients of U.S. Income, and Tax Withheld, 1986

Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries

(Money amounts are in thousands of dollars)

Country or geographic area	Number of Forms 1042S	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	By domestic withholding agents	By foreign government and withholding agents
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	1,078,088	21,814,442	12,580,633	9,233,809	1,223,741	1,152,917	70,824
Treaty countries, total	798,743	19,210,626	10,833,874	8,276,752	1,007,850	937,008	70,824
Australia	17,130	167,901	90,007	77,894	11,652	—	—
Austria	12,227	1,161,303	20,741	17,033	2,681	—	—
Belgium	349,378	2,436,500	1,886,281	750,219	13,630	12,012	1,618
Canada	3,298	53,499	22,132	31,367	2,866	2,861	5
Denmark	712	1,932	960	972	173	173	—
Egypt	1,199	21,830	13,897	7,933	775	—	—
Finland	22,385	810,842	344,880	465,962	48,515	48,050	465
France	41,483	7,180	34,323	3,857	5,766	—	—
Greece	8,415	34,200	22,567	3,474	3,307	167	—
Ireland	33,776	190,414	73,075	117,339	8,519	8,519	—
Italy	2,094	6,438	1,129	5,309	774	—	—
Japan	14,144	2,868,405	711,583	2,156,822	227,095	227,095	—
Luxembourg	11,059	1,478,412	930,329	548,083	14,603	13,376	1,227
Netherlands	4,039	2,886,169	2,686,922	179,247	51,699	51,094	605
Netherlands Antilles	2,480	173,269	6,872	166,397	20,838	—	—
New Zealand	6,581	31,337	18,146	15,191	2,340	2,340	—
Norway	29,981	79,435	4,849	74,786	11,393	11,393	—
Philippines	2,817	12,629	2,460	10,169	1,500	1,500	—
Poland	5,244	87,385	21,449	65,936	1,167	1,167	—
South Africa	2,564	5,215	932	4,283	8,693	8,693	—
Sweden	37,292	1,587,487	465,457	1,122,012	131,519	131,519	65,240
Switzerland	1,023	5,025	2,710	2,315	361	361	—
Taiwan and Republic of China	131,838	3,716,554	1,855,792	1,860,762	200,990	199,493	1,497
United Kingdom	67,018	1,192,063	796,251	395,812	61,074	61,074	—
West Germany	4,774	25,915	12,993	12,022	2,465	2,465	—
Other treaty countries	277,345	2,603,816	1,646,759	957,057	215,911	215,911	—
Nontreaty countries, total	279,345	2,603,816	1,646,759	957,057	215,911	215,911	—
Algeria	8,228	19,882	7,711	12,171	2,876	2,876	—
Argentina	3,297	95,593	50,312	45,281	12,625	12,625	—
Bahamas	686	6,696	3,243	3,453	651	651	—
Barbados	2,058	177,085	107,327	70,358	20,542	20,542	—
Bermuda	4,918	15,185	5,954	9,231	2,233	2,233	—
Brazil	781	31,012	15,693	15,319	4,531	4,531	—
British Virgin Islands	1,637	17,142	12,239	4,903	4,183	4,183	—
Cayman Islands	14,761	123,874	63,426	60,448	18,977	18,977	—
Hong Kong	616	17,896	9,008	8,888	2,635	2,635	—
Israel	670	35,126	16,994	18,132	3,224	3,224	—
Jersey	1,616	34,699	15,226	19,473	2,911	2,911	—
Kuwait	660	16,994	15,226	1,768	5,418	5,418	—
Liberia	1,770	247,356	60,331	187,625	32,992	32,992	—
Liechtenstein	84,261	7,896	181,314	110,787	19,543	19,543	—
Mexico	7,007	21,087	1,932	19,155	3,000	3,000	—
Panama	5,461	13,559	11,242	2,317	560	560	—
Puerto Rico	5,437	184,212	177,101	7,111	2,073	2,073	—
Saudi Arabia	9,593	137,687	133,388	4,299	1,258	1,258	—
Singapore	40,251	14,126	26,125	5,976	1,245	1,245	—
Spain	2,252	25,277	20,257	5,020	409	409	—
Taiwan	876	355,653	354,253	1,400	2,973	2,973	—
United Arab Emirates	7,796	25,232	14,403	10,829	61,247	61,247	—
Venezuela	95,149	616,336	294,631	321,705	—	—	—
Other nontreaty countries	—	—	—	—	—	—	—

Foreign Recipients of U.S. Income, and Tax Withheld, 1986

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient
(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All countries, total	1,076,088	1,152,917	21,814,442	11,780,561	6,506,988	1,191,662	788,668
Individuals	814,418	202,493	2,092,217	326,984	533,345	89,906	513,432
Corporations	82,982	586,958	13,723,544	8,769,519	3,180,687	1,012,754	285,257
Argentina	8,228	2,076	19,862	7,801	4,517	220	3,200
Individuals	6,788	2,278	14,506	4,130	3,345	55	3,200
Corporations	355	336	1,935	1,307	346	70	2,609
Australia	17,130	11,652	187,901	70,308	48,461	13,403	3,566
Individuals	13,595	2,962	16,143	1,187	4,622	1,071	2,719
Corporations	1,156	3,598	98,972	63,850	11,842	7,713	3,566
Austria	4,570	2,681	37,773	17,702	11,311	529	3,004
Individuals	3,072	1,212	9,543	615	2,456	102	1,256
Corporations	2,058	2,121	22,438	14,635	6,396	307	1,198
Bahamas	3,297	12,825	96,593	48,530	39,742	963	25
Individuals	1,270	861	6,496	1,395	2,928	3,088	676
Corporations	1,085	5,133	32,797	16,426	14,081	2,114	676
Bahrain	583	910	19,543	16,944	2,378	175	48
Individuals	492	211	8,095	7,386	542	143	15
Corporations	48	381	5,424	4,153	121	12	12
Barbados	686	651	6,696	3,178	2,401	4	1,008
Individuals	537	246	2,231	629	484	4	1,008
Corporations	55	238	1,652	492	1,360	—	—
Belgium	12,227	12,012	1,161,303	1,097,235	40,350	12,823	1,764
Individuals	8,397	2,440	20,319	9,750	6,112	1,764	2,936
Corporations	1,190	5,718	59,722	35,647	11,415	12,344	2,734
Bermuda	2,058	2,512	177,695	77,333	47,457	21,810	477
Individuals	1,021	1,201	10,221	1,286	7,256	2	5,998
Corporations	439	12,121	114,746	43,459	25,953	17,703	893
Bolivia	647	181	2,103	1,384	534	17	5,105
Individuals	454	145	939	335	445	(1)	149
Corporations	21	9	685	628	12	16	—
Brazil	4,918	2,233	15,185	5,968	3,445	583	2,820
Individuals	3,897	1,640	11,862	3,529	2,207	403	1,472
Corporations	229	335	1,009	396	107	17	—
British Virgin Islands	781	4,531	31,012	15,583	4,779	10,605	21
Individuals	292	114	979	662	266	29	2
Corporations	258	4,045	27,031	13,318	3,134	10,575	2
Canada	348,378	107,746	2,436,500	1,074,545	863,870	115,076	50,680
Individuals	280,599	25,531	370,313	23,718	66,837	171,351	25,437
Corporations	20,988	59,354	1,943,796	929,542	546,871	70,599	11,857
Cayman Islands	1,637	4,183	126,513	103,442	11,229	314	409
Individuals	413	1,200	8,635	6,365	1,999	54	409
Corporations	895	1,985	55,655	38,203	6,148	260	—
Chad	2,673	1,028	7,154	1,308	1,362	126	(1)
Individuals	2,114	809	4,551	1,908	1,308	191	1,064
Corporations	121	106	839	504	199	64	1,064
China	1,573	942	5,659	980	1,776	107	52
Individuals	1,200	407	3,355	195	423	8	52
Corporations	41	53	399	277	103	—	—
Colombia	5,903	1,442	13,297	7,063	3,038	254	2,445
Individuals	4,542	1,049	8,558	3,712	1,870	107	2,445
Corporations	265	173	1,875	1,300	479	79	—
Costa Rica	2,152	854	6,798	2,291	1,539	65	2,533
Individuals	1,805	753	4,766	1,770	1,056	59	2,533
Corporations	91	32	318	218	80	6	—
Czechoslovakia	1,163	962	5,361	330	57	276	3,701
Individuals	1,121	866	4,966	301	52	11	3,701
Corporations	14	16	59	16	5	25	—
Denmark	3,298	2,861	53,499	17,059	26,579	4,472	3,426
Individuals	2,838	879	8,649	450	549	349	3,426
Corporations	1,155	1,982	30,374	5,636	20,500	4,026	—
Dominican Republic	3,070	1,135	18,242	1,824	642	47	6,506
Individuals	2,884	1,093	8,927	1,540	56	38	6,506
Corporations	20	5	53	38	15	—	—
Ecuador	2,134	735	6,455	1,811	769	672	2,918
Individuals	1,808	644	4,835	1,020	521	117	2,918
Corporations	30	22	449	31	44	374	—
Egypt	712	173	1,932	684	41	28	28
Individuals	548	155	1,776	643	433	15	28
Corporations	87	57	72	18	29	—	24
El Salvador	867	575	3,068	1,581	461	50	892
Individuals	766	248	1,923	522	378	48	892
Corporations	13	310	1,034	34	24	—	6
Finland	1,199	775	21,830	10,641	5,224	121	1,699
Individuals	1,039	408	3,660	222	150	21	703
Corporations	45	251	6,337	912	4,611	71	930
France	22,222	40,006	810,560	262,999	308,038	111,330	18,104
Individuals	14,891	8,497	63,259	6,401	15,707	4,026	9,430
Corporations	2,105	22,232	576,675	233,003	159,312	101,415	—
Greece	15,645	5,766	41,483	3,227	4,310	138	29,403
Individuals	14,776	5,214	37,736	2,510	3,454	125	29,403
Corporations	190	220	2,417	1,608	673	10	—

Footnote at end of table.

Foreign Recipients of U.S. Income, and Tax Withheld, 1986

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued
(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Guatemala	1,850	511	3,971	1,431	1,020	173	922
Individuals	1,529	454	3,334	1,075	863	173	922
Corporations	64	25	245	198	47	—	—
Guinea	167	2,290	10,112	2,727	7,291	61	—
Individuals	35	156	5,082	2,230	2,792	60	—
Corporations	73	827	2,306	199	819	24	983
Honduras	963	418	2,306	199	819	24	983
Individuals	666	334	1,797	156	373	12	983
Corporations	16	55	197	184	—	—	—
Hong Kong	14,761	16,977	123,874	62,230	47,311	1,715	4,957
Individuals	10,913	7,758	37,957	10,558	20,362	484	4,957
Corporations	1,208	6,978	55,465	29,988	20,252	1,229	—
India	2,121	938	9,519	2,305	1,388	39	562
Individuals	1,640	790	7,062	1,445	622	31	20
Corporations	91	54	700	273	127	3	25
Indonesia	952	735	7,230	5,928	775	35	159
Individuals	658	199	866	86	487	—	—
Corporations	116	482	5,908	5,709	775	19	8
Israel	1,020	316	1,706	736	916	19	8
Individuals	832	277	1,582	649	788	19	8
Corporations	11	(1)	1	—	1	—	—
Ireland	8,415	3,307	34,200	8,374	13,683	1,212	7,955
Individuals	7,745	1,631	14,169	708	1,018	7,955	1,582
Corporations	160	999	15,197	7,579	7,394	37	—
Italy	6,166	2,635	17,142	5,559	3,354	655	3,550
Individuals	4,694	2,013	12,120	2,483	1,903	353	3,550
Corporations	251	142	2,461	1,076	217	263	—
Japan	33,776	8,519	190,414	58,886	22,404	12,602	81,168
Individuals	31,758	5,831	109,827	33,668	4,200	5,047	5,277
Corporations	398	671	63,827	53,668	6,720	5,047	5,277
Jamaica	2,094	774	6,438	654	715	68	4,414
Individuals	1,943	698	5,401	541	241	58	4,414
Corporations	34	60	649	244	94	10	119,713
Kenya	14,144	227,095	2,868,405	1,742,048	380,256	292,749	6,183
Individuals	9,670	3,096	53,451	3,985	12,643	7,563	106,054
Corporations	2,509	204,810	2,382,247	1,594,446	279,134	275,225	—
Jersey	670	3,224	17,681	654	231	386	8
Individuals	95	138	654	231	386	8	—
Corporations	145	1,282	7,772	4,114	3,601	57	—
Kuwait	1,616	2,911	53,749	45,175	8,259	63	5
Individuals	1,248	123	2,372	506	1,608	63	82
Corporations	123	895	9,530	6,756	2,735	72	91
Laos	2,022	1,307	8,175	4,371	2,882	71	387
Individuals	1,712	1,169	7,626	4,342	2,432	387	27
Corporations	60	95	325	14	311	—	—
Lebanon	52	35	18,390	16,171	92	49	(1)
Libya	173	400	4,035	1,283	92	10	1,092
Individuals	343	1,068	16,481	14,632	1,758	386	—
Corporations	1,776	5,829	34,899	15,063	17,844	43	1,092
Liechtenstein	285	781	4,729	1,892	2,778	27	1,092
Individuals	285	781	4,729	1,892	2,778	27	1,092
Corporations	252	2,927	14,778	5,360	8,078	43	10
Luxembourg	4,100	13,376	120,111	60,041	56,327	39	167
Individuals	525	299	5,151	3,535	1,237	(1)	485
Corporations	1,549	4,612	55,661	24,492	27,797	37	149
Malaysia	1,640	409	7,200	6,249	609	43	22
Individuals	1,479	220	914	47	446	22	137
Corporations	38	62	955	86	86	—	—
Mexico	84,261	32,992	247,958	55,774	19,106	4,741	6,792
Individuals	77,658	27,833	192,170	19,739	4,116	147,331	2,790
Corporations	1,211	3,403	18,451	8,457	2,737	60	1,140
Morocco	712	1,837	22,660	16,555	4,729	69	849
Individuals	506	1,191	4,528	713	2,593	104	796
Corporations	100	194	16,368	15,729	620	6	13
Netherlands	11,059	51,094	1,476,412	755,951	520,901	29,566	4,903
Individuals	7,596	3,483	31,805	3,440	4,227	4,903	4,574
Corporations	1,250	26,700	1,080,977	658,671	382,012	23,140	3,6

Foreign Recipients of U.S. Income, and Tax Withheld, 1986

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued
(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					Personal services
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Philippines	29,981	11,383	79,435	2,013	2,221	58	66,423	1,944
Individuals	28,803	11,223	76,349	1,966	1,694	51	68,423	1,944
Corporations	284	78	380	167	151	7	—	—
Portugal	7,007	3,000	21,087	1,499	823	95	17,900	241
Individuals	6,750	2,904	19,269	1,350	617	67	17,900	241
Corporations	83	16	1,350	130	27	3	—	—
Puerto Rico	5,461	560	13,559	5,289	990	15	785	610
Individuals	2,815	397	2,126	340	808	15	—	—
Corporations	205	120	9,869	3,784	96	124	785	610
Saudi Arabia	4,363	2,073	184,212	153,227	25,515	100	18	5,884
Individuals	3,395	1,327	7,906	2,388	2,910	80	18	3,540
Corporations	106	289	56,803	36,873	19,856	17	—	—
Singapore	5,437	2,258	137,687	77,398	54,838	101	145	281
Individuals	4,698	625	137,687	77,398	54,838	101	145	281
Corporations	211	406	10,533	701	1,801	86	145	281
South Africa	2,564	1,167	5,215	4,621	1,179	15	—	—
Individuals	2,169	739	3,601	3,17	1,061	95	488	1,298
Corporations	69	139	524	288	119	376	488	1,298
South Korea	856	543	7,333	2,285	114	119	—	—
Individuals	701	438	3,438	143	376	5	80	2,076
Corporations	58	228	2,543	1,170	13,822	11	—	—
Spain	9,593	5,976	40,251	13,822	9,259	1,924	11,612	331
Individuals	8,354	3,985	35,976	12,520	4,893	1,612	11,612	331
Corporations	268	1,485	10,101	6,007	4,366	312	—	—
Sweden	8,244	8,093	87,385	20,835	40,824	4,446	11,144	112
Individuals	7,529	4,198	25,456	869	8,796	895	11,144	9,320
Corporations	220	3,967	46,823	8,796	35,858	2,135	—	—
Switzerland	37,292	131,519	1,587,467	622,738	749,490	134,358	3,785	19,445
Individuals	11,692	8,341	96,123	36,184	41,444	6,787	3,785	2,884
Corporations	63,959	53,959	1,587,467	622,738	749,490	134,358	—	—
Taiwan	2,252	1,245	975,261	480,908	349,661	124,684	16,013	415
Individuals	1,722	736	25,277	21,391	1,555	12	152	152
Corporations	54	365	4,001	1,140	1,855	12	—	—
Thailand	742	223	6,244	580	423	70	620	77
Individuals	17	26	185	60	332	68	820	14
Corporations	1,023	361	5,025	2,622	249	2	—	—
Trinidad and Tobago	908	338	2,493	173	169	179	1,760	106
Individuals	24	9	151	34	—	—	—	—
United Arab Emirates	976	409	355,653	208,520	147,093	20	5	(1)
Individuals	755	322	1,293	582	670	20	—	—
Corporations	22	53	752	60	82	5	—	—
United Kingdom	131,838	189,433	3,716,554	1,426,384	1,891,077	221,692	33,367	67,204
Individuals	85,195	13,848	177,357	39,032	40,111	13,124	33,367	30,136
Corporations	11,885	69,783	2,252,754	1,242,615	755,351	193,895	—	32,558
Uruguay	1,518	876	7,022	3,716	2,813	903	78	20
Individuals	895	321	1,861	564	2,066	191	—	—
Corporations	158	212	3,070	2,306	722	16	—	—
Venezuela	7,796	2,973	25,232	10,331	8,424	3,222	918	543
Individuals	5,772	1,738	12,288	4,453	4,862	328	—	—
Corporations	399	465	5,900	2,398	1,005	2,655	—	497
West Germany	67,018	61,074	1,192,053	542,232	450,554	97,713	30,866	35,397
Individuals	45,470	13,466	141,385	39,383	32,406	10,952	30,866	14,717
Corporations	2,219	20,447	774,352	433,925	235,235	75,484	—	15,824
Yugoslavia	3,377	2,048	13,110	295	339	51	11,797	146
Individuals	3,734	1,890	12,800	208	167	41	—	—
Corporations	33	11	37	(1)	35	2	—	—
Other Countries	61,360	43,639	468,545	183,826	195,693	5,363	41,271	26,529
Individuals	42,698	10,955	116,818	40,521	16,843	1,946	—	7,697
Corporations	3,759	19,989	228,687	82,028	113,965	2,094	—	11,974

1 Less than \$500

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries
(Money amounts are in thousands of dollars)

Country or geographic area	Number of Forms 1042S	Income paid			Tax withheld	
		Total	Exempt from withholding	Subject to withholding	Total	By foreign government and withholding agents
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Treaty countries, total	1,081,571	22,748,677	12,329,619	10,419,057	1,431,074	1,307,308
Treaty countries, total	763,272	19,899,575	10,447,512	9,452,065	1,202,058	1,078,295
Australia	20,095	187,166	83,533	103,632	16,738	16,738
Canada	4,831	30,993	16,862	12,131	2,002	2,002
Denmark	1,354	1,742,873	1,113,341	629,532	92,479	92,479
France	315,000	30,606	22,856	7,750	1,156	1,156
Germany	1,214	2,371	1,565	806	135	135
Greece	1,254	36,550	29,753	6,806	654	654
Italy	22,473	693,479	263,742	429,737	41,766	41,766
Japan	15,553	40,907	6,555	34,353	5,834	5,834
South Korea	8,374	26,931	10,543	16,388	2,644	2,644
Spain	34,770	244,086	158,711	85,377	7,007	7,007
Sweden	23,476	4,464,485	1,919,955	2,544,530	288,778	288,778
Switzerland	4,467	114,023	62,200	51,823	891	891
Taiwan	11,218	1,330,405	840,496	489,919	81,129	81,129
United Kingdom	5,743	1,736,794	1,473,300	263,494	26,726	26,726
Netherlands Antilles	6,910	4,328	28,175	16,153	891	891
New Zealand	2,655	4,328	28,175	16,153	2,528	2,528
Norway	29,601	77,317	4,002	73,315	11,722	11,722
Philippines	8,129	140,908	52,929	87,979	1,517	1,517
Poland	36,885	1,657,933	596,664	1,061,269	7,449	7,449
Sweden	1,032	3,112	948	2,165	243,022	243,022
Switzerland	127,378	4,267,678	1,999,063	2,268,615	353	353
United Kingdom	70,733	1,318,499	743,237	575,262	241,201	241,201
West Germany	13,237	82,930	63,182	19,748	88,396	88,396
Other treaty countries	298,299	2,849,102	1,682,107	966,995	3,610	3,610
Nontreaty countries, total	77	22,061	8,682	13,379	229,013	229,013
Argentina	3,693	132,564	75,249	57,315	2,851	2,851
Bahamas	7,539	69,627	3,748	65,879	16,425	16,425
Barbados	19,844	9,286	10,558	8,728	828	828
Belize	11,628	24,750	11,628	13,122	20,497	20,497
British Virgin Islands	19,151	18,453	5,210	13,243	2,334	2,334
Cayman Islands	2,091	171,123	101,073	70,050	7,027	7,027
Hong Kong	16,725	23,988	12,305	11,683	5,210	5,210
Israel	8,650	8,774	16,785	4,681	19,626	19,626
Jersey	492	25,559	8,774	16,785	2,623	2,623
Kuwait	1,418	182,769	172,168	10,601	4,681	4,681
Liberia	926	25,232	15,675	9,557	3,161	3,161
Liechtenstein	1,736	27,294	12,072	15,222	2,794	2,794
Mexico	90,070	278,221	207,580	70,641	4,539	4,539
Panama	8,180	219,722	128,458	91,264	37,381	37,381
Portugal	7,021	22,143	5,547	16,596	26,789	26,789
Puerto Rico	6,431	11,333	5,553	5,780	3,055	3,055
Saudi Arabia	4,492	146,185	139,066	7,119	1,137	1,137
Singapore	6,800	154,882	149,081	5,800	2,082	2,082
South Africa	2,777	7,285	4,520	2,765	1,689	1,689
Spain	9,732	48,554	22,735	25,819	1,203	1,203
Sweden	5,002	41,264	35,129	6,135	5,607	5,607
United Arab Emirates	682	313,954	313,379	1,576	1,390	1,390
Venezuela	5,142	33,426	13,690	19,737	466	466
Other nontreaty countries	96,921	621,319	380,909	240,410	5,238	5,238

Note: Total may not add to totals due to rounding.

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient

(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	Personal service
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All countries, total	1,081,571	1,307,308	22,748,677	11,383,656	8,031,076	1,186,225	792,748	405,617
Individuals	858,634	220,996	2,156,418	513,107	73,244	792,748	—	189,419
Corporations	80,150	691,723	14,112,190	6,384,626	4,321,986	1,027,605	—	191,989
Argentina	8,861	2,851	22,061	9,848	4,015	—	3,509	—
Individuals	7,854	2,310	15,906	5,122	3,430	—	1,739	—
Corporations	114	120	2,604	2,416	143	—	1,187	—
Australia	20,095	18,738	187,166	85,186	60,675	16,551	3,847	—
Individuals	18,981	5,849	29,403	1,051	5,851	1,559	3,847	16,100
Corporations	1,258	3,158	101,432	79,989	7,234	—	—	13,189
Austria	4,831	2,002	30,993	14,067	7,498	—	—	2,463
Individuals	3,363	1,059	9,743	605	1,937	—	2,986	1,584
Corporations	323	676	12,227	4,419	1,377	—	1,305	373
Bahamas	3,623	18,425	132,564	65,814	52,427	1,488	643	22
Individuals	1,738	13,673	4,579	7,753	—	—	643	373
Corporations	1,260	7,462	64,438	32,171	22,819	576	—	—
Bahrain	425	737	12,047	7,891	3,824	52	—	—
Individuals	324	168	594	10	258	—	—	15
Corporations	52	568	7,753	5,414	2,167	—	—	16
Barbados	656	828	7,339	3,198	3,006	—	995	3
Individuals	521	323	1,831	61	610	18	—	—
Corporations	72	480	3,861	1,489	—	—	995	1
Belgium	11,304	11,680	999,399	931,627	39,806	15,244	4,142	—
Individuals	9,006	1,973	17,697	3,946	4,132	374	1,815	—
Corporations	1,142	4,038	64,958	36,849	12,003	14,780	3,705	—
Bermuda	2,388	20,497	138,799	61,844	66,539	8,245	473	—
Individuals	1,278	5,107	5,107	1,654	—	61	473	—
Corporations	550	11,432	89,538	43,632	38,477	6,381	675	—
Bolivia	664	217	3,527	2,553	486	—	144	—
Individuals	574	196	2,063	1,343	408	—	144	15
Corporations	19	2,334	1,468	159	1	—	—	13
Brazil	4,858	1,802	19,444	8,605	3,030	313	2,964	2,143
Individuals	117	194	1,305	1,114	115	49	1,677	14
Corporations	956	707	36,378	6,481	10,158	17,843	—	11
British Virgin Islands	462	32	1,496	32	1,070	42	—	—
Individuals	6,550	32,542	4,368	3,564	17,753	—	—	11
Corporations	315,830	92,479	1,742,875	750,627	571,636	70,749	180,694	47,689
Canada	257,841	21,225	337,008	22,820	63,637	13,731	180,594	21,832
Individuals	18,082	53,610	996,746	562,658	300,777	47,540	—	23,533
Corporations	2,097	5,210	107,502	16,555	623	357	425	—
Cayman Islands	487	112	3,743	2,326	60	357	—	—
Individuals	1,323	3,724	89,434	13,712	1,582	—	—	422
Corporations	3,168	983	9,190	1,736	121	1,161	300	—
China	2,715	729	5,943	2,181	1,350	61	1,161	277
Individuals	1,08	108	1,050	1,361	178	50	—	—
Corporations	5,389	942	32,436	4,790	1,789	9	58	18,347
Colombia	5,206	419	28,304	850	347	7	58	—
Individuals	24	82	1,915	1,289	3	1	465	—
Corporations	5,140	1,497	13,769	6,532	2,937	165	2,571	167
Costa Rica	127	70	1,562	1,344	202	12	167	—
Individuals	2,608	856	10,275	2,707	1,136	72	2,543	65
Corporations	2,052	754	6,427	1,339	804	72	145	145
Czechoslovakia	1,119	1,186	848	236	—	—	78	—
Individuals	1,155	1,041	5,431	104	47	17	3,392	745
Corporations	1,092	917	4,679	102	46	—	—	—
Denmark	3,251	1,153	30,606	16,622	2,594	5,386	—	840
Individuals	2,879	633	5,333	780	131	3,387	620	—
Corporations	152	143	13,304	6,854	979	4,950	231	—
Dominican Republic	3,224	1,162	329	558	26	6,720	20	—
Individuals	36	1,137	7,696	428	294	18	6,720	189
Corporations	2,257	858	129	13	2	—	—	1
Ecuador	2,085	765	5,958	1,291	596	303	2,998	386
Individuals	47	53	540	248	137	111	—	—
Corporations	1,117	135	2,371	683	589	15	27	208
El Salvador	31	8	49	46	40	—	—	—
Individuals	1,145	333	3,924	924	486	54	934	11
Corporations	934	299	2,813	881	377	54	934	11
Finland	1,254	654	36,590	22,802	4,455	925	1,965	3,337
Individuals	1,133	412	4,497	997	213	100	1,965	—
Corporations	49	219	12,857	5,058	4,190	752	—	2,702
France	22,343	41,115	693,479	214,337	279,786	128,921	9,503	—
Individuals	15,320	7,805	83,016	34,196	8,691	13,456	—	—
Corporations	2,624	19,534	461,690	185,905	188,400	107,997	—	—
Greece	15,553	5,634	40,907	3,584	1,127	29,038	1,127	—
Individuals	14,860	5,189	38,136	1,378	2,310	113	1,129	882
Corporations	150	600	2,011	1,053	93	173	1,129	—
Guatemala	1,901	516	3,899	1,221	686	164	—	—
Individuals	475	49	485	311	170	3	—	—
Corporations	1,316	3,178	15,617	4,861	10,147	113	—	—
Guernsey	136	156	542	143	274	109	—	—

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Corporations	66	1,187	8,727	4,174	4,070	3	—	383
Individuals	1,323	5,453	5,454	554	478	12	987	381
Corporations	1,088	426	4,952	455	396	40	—	2
Individuals	19	14	91	13	38	40	—	1,421
Corporations	16,725	19,626	171,123	102,815	54,093	3,547	4,703	602
Individuals	13,165	7,273	42,593	15,043	19,958	774	—	795
Corporations	1,388	8,886	88,434	60,997	22,839	2,766	588	491
Individuals	3,071	1,372	11,898	2,494	1,721	389	588	424
Corporations	2,718	1,170	8,504	280	102	1	—	1
Individuals	35	41	2,634	1,066	20	32	—	515
Corporations	1,393	592	11,347	8,391	1,148	20	32	490
Individuals	1,223	33	1,867	371	46	—	—	205
Corporations	33	184	7,903	747	1,571	18	—	203
Individuals	1,241	512	2,977	623	806	18	—	—
Corporations	1,154	277	2,050	66	738	—	—	—
Individuals	14	221	751	13	1,793	517	7,865	1,193
Corporations	8,374	2,517	26,931	8,055	7,758	331	7,865	221
Individuals	17,899	1,577	12,853	601	1,893	60	3,472	2,063
Corporations	125	104	8,305	7,377	3,649	681	3,472	1,622
Individuals	6,850	2,623	23,988	10,178	2,327	57	—	107
Corporations	5,849	2,142	13,729	2,065	6,032	24	—	6,822
Individuals	198	234	7,074	87	33,558	20,863	85,889	4,555
Corporations	34,770	7,007	244,088	87,120	5,348	1,721	85,889	1,116
Individuals	35,283	2,427	108,813	73,923	14,330	18,222	4,806	1,288
Corporations	382	2,087	108,623	73,923	14,330	18,222	4,806	124
Individuals	2,288	806	6,794	307	330	71	4,606	—
Corporations	2,092	755	5,909	134	207	—	—	—
Individuals	27	43	302	65	23	—	10,175	63,109
Corporations	23,478	288,778	4,464,485	2,834,056	888,308	353,987	10,175	70,500
Individuals	15,198	2,700	51,066	4,249	5,399	3,947	—	11,447
Corporations	2,957	238,076	3,508,727	2,446,127	568,850	341,979	—	12
Individuals	492	4,681	25,559	9,979	15,517	39	6	7
Corporations	100	107	486	195	258	34	—	1
Individuals	153	1,914	7,532	982	50,610	67	—	39
Corporations	1,418	3,181	182,789	131,344	2,409	57	—	39
Individuals	1,092	101	1,552	3,419	5,339	82	351	58
Corporations	1,560	709	4,546	1,585	1,251	82	351	58
Individuals	1,415	650	4,108	1,378	1,059	148	46	26
Corporations	39	2,794	25,292	11,953	9,720	148	46	26
Individuals	926	114	114	6	108	—	—	—
Corporations	382	224	1,104	114	693	148	—	3
Individuals	464	1,460	19,838	5,476	14,049	617	5	3
Corporations	1,736	4,539	27,294	12,398	14,049	617	5	3
Individuals	318	946	4,360	1,871	2,378	59	—	—
Corporations	1,074	2,097	12,532	5,084	6,885	550	171	919
Individuals	4,467	12,899	114,023	58,777	52,124	48	171	919
Corporations	874	173	4,147	2,742	885	—	—	724
Individuals	1,686	3,830	56,840	38,990	17,592	47	24	102
Corporations	1,713	306	4,455	3,269	640	42	24	99
Individuals	1,563	245	1,097	33	541	40	—	—
Corporations	40	50	224	158	34	(1)	—	—
Individuals	90,070	37,381	276,221	77,027	25,144	6,705	151,205	2,309
Corporations	87,243	32,294	230,053	46,853	20,351	6,067	151,205	3,266
Individuals	627	3,922	22,475	14,725	2,445	300	127	1,090
Corporations	637	1,916	12,271	5,483	4,888	114	127	567
Individuals	411	998	3,999	1,987	1,010	98	—	57
Corporations	115	467	7,716	719	2,577	5	5,004	8,722
Individuals	11,218	81	193,405	728,960	1,126,466	48,933	5,004	5,284
Corporations	11,218	81	193,405	728,960	1,126,466	48,933	5,004	5,284
Individuals	1,145	3,948	44,541	9,874	19,953	44,544	—	1,163
Corporations	1,145	51,272	1,589,954	663,356	868,924	39,231	—	330
Individuals	3,690	26,726	1,730,794	1,346,940	390,231	85,580	303	318
Corporations	1,344	1,041	15,586	7,988	6,358	37	—	—
Individuals	1,785	16,462	1,498,594	1,287,824	117,173	85,015	303	1,384
Corporations	2,655	891	9,294	1,431	4,881	581	303	283
Individuals	2,216	297	2,412	304	698	135	303	1,019
Corporations	131	414	5,533	908	3,193	411	10,630	821
Individuals	6,610	2,528	42,328	11,891	5,501	824	10,630	786
Corporations	6,065	1,939	14,600	379	954	7	—	12
Individuals	234	446	13,721	1,096	3,604	—	—	108
Corporations	880	26,789	131,722	102,997	73,878	7,775	960	178
Individuals	2,401	1,078	10,882	4,038	1,028	4,685	93	10
Corporations	2,450	19,982	165,119	94,742	59,897	7,621	808	108
Individuals	2,450	550	4,768	1,852	1,028	49	808	84
Corporations	2,171	442	3,675	1,239	782	49	808	108
Individuals	40	57	245	125	104	—	—	—
Corporations	29,601	11,722	77,737	2,972	3,023	96	66,434	553
Individuals	20,022	11,557	76,080	2,384	2,431	96	68,434	541
Corporations	104	99	756	2,424	716	2	—	117
Individuals	7,021	3,055	19,829	284	584	19	18,201	107
Corporations	6,820	3,003	1,478	1,450	14	(1)	3,320	305
Individuals	78	5	1,478	1,450	14	(1)	3,320	305
Corporations	6,431	1,137	11,333	6,881	1,028	(1)	3,320	255
Individuals	5,778	708	4,340	187	442	—	—	30
Corporations	403	6,749	6,749	6,575	141	—	—	3,123
Individuals	4,492	2,082	146,195	85,065	56,962	78	8	141
Corporations	3,758	1,326	7,000	874	5,218	78	8	141

Foreign Recipients of U.S. Income, and Tax Withheld, 1987

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					Social security and railroad retirement	Personal service
			Total	Interest	Dividends	Rents and royalties			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Corporations.....	100	179	33,589	7,629	25,890	—	—	—	—
Singapore.....	6,800	1,689	154,882	94,201	55,982	112	—	—	86
Individuals.....	5,975	618	3,083	685	1,591	102	145	—	1,901
Corporations.....	284	781	9,295	3,572	1,970	5	—	—	154
South Africa.....	2,777	1,203	7,285	527	1,226	741	500	—	1,894
Individuals.....	2,479	919	6,064	311	1,010	401	500	—	1,690
Corporations.....	47	103	357	102	108	142	—	—	1,429
South Korea.....	1,511	675	9,938	800	3,959	7	100	—	5
Individuals.....	1,422	179	5,372	119	333	7	100	—	3,161
Corporations.....	47	451	4,139	472	560	—	—	—	2,998
Spain.....	9,732	5,607	48,554	20,966	5,822	2,561	—	—	—
Individuals.....	8,922	3,876	24,780	13,137	3,662	274	11,656	—	3,120
Corporations.....	306	971	18,127	15,839	170	1,456	—	—	531
Sweden.....	8,129	7,449	140,908	27,262	77,703	7,442	10,796	—	10,902
Individuals.....	7,478	4,981	86,636	636	64,617	584	10,796	—	10,086
Corporations.....	256	1,808	95,783	22,563	1,083	4	—	—	382
Switzerland.....	36,085	129,348	1,657,933	708,702	742,832	115,816	4,015	—	20,383
Individuals.....	12,299	6,860	84,299	20,903	28,582	2,978	4,015	—	3,159
Corporations.....	15,911	63,800	1,082,569	571,005	346,850	109,280	—	—	16,953
Taiwan.....	5,002	1,390	41,264	33,359	4,085	4	144	—	2,383
Individuals.....	4,735	1,030	8,985	3,147	2,385	24	144	—	2,217
Corporations.....	61	279	4,692	3,883	597	2	—	—	162
Thailand.....	1,071	348	4,980	2,713	460	483	539	—	99
Individuals.....	978	312	2,390	207	387	456	539	—	99
Corporations.....	22	17	392	378	13	—	—	—	—
Trinidad and Tobago.....	1,032	353	3,112	583	152	179	1,885	—	113
Individuals.....	966	348	2,728	221	130	179	1,885	—	113
Corporations.....	22	4	336	323	13	—	—	—	—
United Arab Emirates.....	682	466	313,954	156,946	155,815	4	—	—	—
Individuals.....	574	204	1,522	77	627	4	7	—	—
Corporations.....	35	224	1,295	162	749	—	—	—	—
United Kingdom.....	127,378	241,202	4,267,679	1,509,357	2,348,049	177,013	34,719	—	79,855
Individuals.....	80,764	13,718	170,311	45,800	15,870	—	34,719	—	33,667
Corporations.....	11,156	94,790	2,696,907	1,312,828	1,175,184	128,908	—	—	40,885
Uruguay.....	2,115	1,236	11,105	7,027	2,831	223	115	—	112
Individuals.....	1,162	491	3,816	1,876	1,149	1	115	—	91
Corporations.....	318	567	5,484	4,351	1,130	—	—	—	—
Venezuela.....	8,142	5,238	33,426	22,692	6,811	447	906	—	448
Individuals.....	8,833	2,043	14,572	6,653	4,479	271	906	—	363
Corporations.....	358	295	4,064	3,172	712	132	—	—	41
West Germany.....	50,733	88,396	1,316,499	553,305	591,810	72,922	31,824	—	21,743
Individuals.....	59,907	30,499	282,848	59,162	145,895	8,018	31,824	—	16,270
Corporations.....	2,608	47,619	917,167	467,882	370,116	60,958	—	—	3,858
Yugoslavia.....	3,980	2,483	15,122	260	506	102	11,356	—	227
Individuals.....	3,857	2,175	13,983	169	294	86	11,356	—	181
Corporations.....	22	23	81	—	77	—	—	—	4
Other Countries.....	61,163	32,002	487,776	219,012	150,008	9,432	43,708	—	8,648
Individuals.....	48,359	12,281	125,236	14,124	18,144	1,363	43,708	—	8,701
Corporations.....	2,436	10,754	219,263	200,404	71,260	7,122	—	—	1,471

Less than \$500

Note: detail may not add to totals due to rounding.

Foreign Recipients of U.S. Income, 1988

By John J. Bradford*

During 1988, the amount of U.S. source income paid to foreign 'persons' rose dramatically. This was the result of record inflows of foreign direct investment into the United States, strong net foreign purchases of U.S. bonds, and large inflows of foreign capital to U.S. banks to meet the surge in credit demand. The total amount of income paid to foreigners exceeded \$31.8 billion during 1988, a 40 percent increase from the previous year. U.S. taxes withheld on this income rose 30 percent to \$1.7 billion.

Payments to Japanese recipients increased nearly 89 percent from 1987 to a total of \$8.4 billion. This represented more than 26 percent of the total income paid. Residents of the United Kingdom received \$4.8 billion in payments during 1988, an increase of 13 percent. Canadian recipients received nearly 81 percent more than in 1987, \$3.1 billion. Payments to these three nations constituted more than half of the total.

BACKGROUND INFORMATION

The Internal Revenue Code imposes a 30 percent withholding tax on dividends, interest, royalties, and various types of fixed, determinable, annual, or periodic income paid to foreign persons [1]. When the withholding tax was first introduced in 1936, the statutory rate was 10 percent. The House Ways and Means Committee had rejected a possible 22.5 percent rate as a deterrent to foreign investment. The statutory rate was raised to 30 percent during World War II for the purpose of generating revenue for the war effort. The former rate has never been restored by Congress [2].

Over the years, the required amount of withholding has been modified for certain types of income. In fact, during 1988, less than 6 percent of all income paid was subject to the statutory rate of withholding. Some types of income have been exempted from withholding altogether. For example, the Deficit Reduction Act of 1984 expanded the interest exemption beyond bank deposit interest to include portfolio interest payments made to foreign per-

sons. This exemption was effective for all qualified debt issues made after July 18, 1984. The Act was intended to reduce borrowing through tax haven countries, and to encourage U.S. corporations to borrow foreign funds through direct Eurobond placements [3]. The interest paid on these new issues was exempted from withholding tax regardless of the recipient's country of residence. The amounts, however, still must be reported on Forms 1042S, *Foreign Persons' U.S. Source Income Subject to Withholding*.

A second way that reduction in the statutory rate has occurred is through use of tax treaties. These have been negotiated between the United States and other countries resulting in a reduction of the rates at which residents of either country are to be taxed on certain classes of income earned in the other. They were developed as a means to avoid double taxation on this income. The 'Tax Treaties' section of this article contains a further discussion of this subject.

Finally, it should be noted that any income that is 'effectively connected' with a U.S. trade or business is exempted from the withholding of tax under these regulations. For this type of income, the foreign recipient is required to file a U.S. tax return (Form 1120F for foreign corporations and Form 1040NR for foreign individuals) which consolidates all U.S. source income for the tax year. Deductions may then be applied and taxation is at the same graduated rates which are applicable for other U.S. taxpayers. The income which is reported on Forms 1042S, however, is taxed at a flat rate on the gross amount of each payment.

Generally, the person who pays or conveys the U.S. source income to the foreign person is liable for the tax and must withhold. An authorized withholding agent may be appointed by the U.S. payer after notice of the appointment is given to the IRS. The Form 1042S is filed by the withholding agent and details information such as amount and type of income, country and type of recipient, and withholding rate and amount of withholding.

*Foreign Returns Analysis Section. Prepared under the direction of Chris R. Carson, Chief.

During the 1980's, two other legislative changes relating to withholding on U.S. source income paid to foreigners were enacted. The Social Security Amendments of 1983 required U.S. tax withholding on certain benefits paid to foreign persons beginning in 1984. At the same time, the Railroad Retirement Act of 1937 was amended to require withholding on similar payments to foreigners made under that act.

TAX TREATIES

Residents of certain foreign countries may be entitled to reduced rates, or exemption from taxation, under an applicable tax treaty between the recipient's country of residence and the United States [4]. Generally, the foreign residents must notify the withholding agent that they are residents of a country with which the United States has an income tax treaty and, therefore, they are entitled to the treaty benefits. In certain instances, however, benefits are granted solely on the basis of the recipient's address. Treaty exemptions or reduced rates vary according to country and type of income. If there is no applicable tax treaty and the income is not exempt from withholding, then tax is withheld at the statutory rate (generally 30 percent on most income types).

Tax treaties were developed as a means of avoiding double taxation of income earned in one country by a resident of another. Presumably, overall losses from reduced withholding taxes on payments to residents of treaty partners would be roughly offset by a reduction in the amount of foreign tax credit claimed by U.S. persons against their U.S. income taxes on payments received from the treaty nation. However, this sort of reciprocity is not necessarily present in all treaty relationships.

When U.S. source income is paid to a foreign nominee or fiduciary in a treaty country on behalf of a person not entitled to benefits under the treaty, additional withholding may be collected by the country in which the nominee is located. The purpose of this is to prevent residents of non-treaty countries from taking advantage of the lower withholding rates of treaty countries. The additional tax is held by the government or withholding agent until the ultimate recipient provides proof of residency in that country. If residency is not proven, this tax is remitted to the United States (as shown in Table 1, Column 7). These amounts are not recorded in Figures A and B or elsewhere in this article because they were not reported on Forms 1042S. An exception to this is made in the case of Canada which remits any additional withholding in the year in which it was received.

Figure A shows a comparison of the effective rates of

withholding on payments to recipients in treaty countries and those in non-treaty countries. The effective rate of taxation is the amount of taxes withheld as a percentage of total income paid. Both rates decreased slightly from 1987. The primary reason for this was that a higher proportion of the income paid to all recipients was in categories which were exempt from withholding. For purposes of this analysis, the Netherlands Antilles has been retained as a treaty nation despite the partial termination of the United States-Netherlands Antilles treaty beginning on January 1, 1988. The withholding rate on dividends and royalties jumped to 30 percent as of this date. However, the largest share of Antilles income was related-party interest and the provision of the treaty which exempted this income from withholding remained in force.

Figure A.—Total Income, Tax Withheld, and Effective U.S. Withholding Rates for Treaty and Nontreaty Countries, 1988.

(Money amounts are in thousands of dollars)

Treaty status	Total income	Tax withheld	Effective U.S. tax rate
	(1)	(2)	(3)
All countries.....	\$31,845,694	\$1,705,499	5.36%
Treaty countries, total.....	27,968,124	1,419,881	5.27
Nontreaty countries, total.....	3,877,570	285,618	7.37

TAX HAVENS

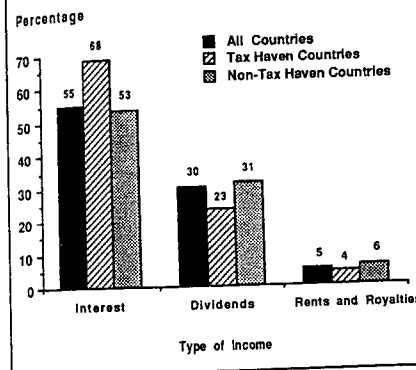
A tax haven is a nation which affords secrecy to investors and permits the accumulation of wealth without any significant burden of taxation. Some of the characteristics of tax havens include:

- Income taxes imposed at a lower rate than those of the countries whose taxpayers utilize it.
- Financial and commercial information kept confidential.
- Currency controls not imposed on foreign nationals.
- Low or zero withholding on most or certain classes of income paid to foreign recipients.

Tax haven countries typically benefit by imposing taxes at low rates or collecting certain fees, such as those from incorporation. Through the Deficit Reduction Act of 1984 and other legislation, Congress has attempted to limit the use of tax havens as a shelter to U.S. income taxes. Therefore, many treaties now deny benefits if those benefits flow through to residents of a third country (although a number of exceptions do exist) [5].

Figure B shows the percentages of selected income types paid to tax haven and non-tax haven countries compared to the total [6]. The higher percentage of interest income paid to the tax haven countries highlights their use as a source of funds for many U.S. corporations.

Figure B
Percentage of Total Income Paid to Tax Haven and Non-Tax Haven Countries, by Selected Income Type, 1988



A practice which the United States has sought to curtail is "treaty shopping." Taxpayers sometimes are able to "shop" into benefits which would not normally be available to them. To this end, a taxpayer generally interposes a corporation in a country that has an advantageous tax treaty. For example, if there is no treaty directly between the United States and Spain but one exists between both countries and the Netherlands, then a Spanish resident could establish a Dutch entity. The Spanish capital invested in the Dutch company would be reinvested in the United States. U.S. treaty-benefitted income would flow to the Dutch company, and the subsequent payments from the Dutch subsidiary to the Spanish investor would benefit from the Netherlands-Spain treaty. Certain provisions have been developed to ensure that only legitimate recipients may be able to take advantage of treaty benefits [7].

DATA HIGHLIGHTS

During 1988, more than \$31.8 billion in U.S. source income payments were made to foreign recipients. This represents an increase of 40 percent over the \$22.7 billion

which was paid in 1987. The bulk of this increase occurred in interest payments, which rose by nearly 55 percent. Several factors appear to have influenced this increase. As the U.S. prime lending rate increased more than Eurodollar rates, U.S. borrowers switched to overseas sources for funds. Also contributing to the strong increase in interest payments was a 24 percent increase in U.S. Treasury securities held by both private foreigners and foreign financial institutions. Furthermore, as the dollar stabilized in exchange markets, the interest rate differential favored U.S. bonds over Japanese or West German bonds. Net purchases of outstanding U.S. corporate bonds by foreigners increased fivefold during 1988. Demand was particularly strong from West Germany and Japan [8]. Refer to the "Country of Recipient" section of this article for further information.

The continuing economic recovery in the United States during 1988 made investment in this country attractive. Foreign direct investment in the United States increased 21 percent in 1988, following a similar 23 percent increase in 1987. This was heightened by heavy acquisitions of U.S. companies which were financed from abroad [9]. Many foreign multinationals have increased their U.S. holdings as a means of pursuing a strategy of global expansion and diversification.

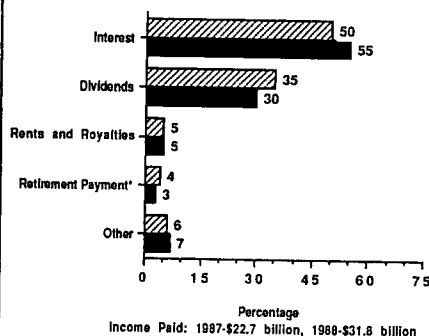
TYPE OF INCOME

U.S. income paid to foreigners rose by more than \$9 billion from 1987. For reasons discussed earlier, most of this increase can be accounted for by the increase in interest payments. The \$6.2 billion increase in this category represents over 68 percent of the increase in overall payments.

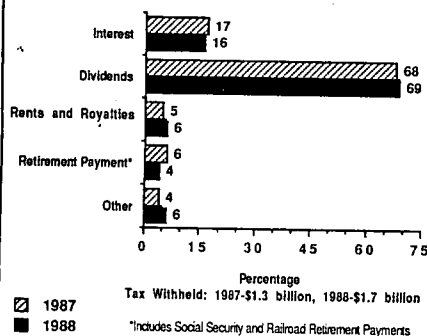
Figure C shows the percentages of income paid and the taxes withheld on various types of income. While interest continued to be the predominant type of income paid, representing 55 percent of the total, tax withheld on interest payments accounted for only 16 percent of the total. There are two principal explanations for the disproportionate taxation of interest payments. First, the Deficit Reduction Act of 1984 removed withholding on most interest payments to foreigners. Furthermore, many tax treaties reduce or nullify withholding on interest payments to residents of those countries.

Though the amount of dividends paid increased in absolute terms from 1987, dividends as a percentage of total income decreased by more than 5 percentage points. This is perhaps explained by a hesitance among foreigners to re-enter the U.S. stock market after the collapse of October 19, 1987. Foreign demand was

Figure C
Percentage of Total Income Paid, by
Income Type, 1987 and 1988



**Percentage of Total Tax Withheld, by
Income Type, 1987 and 1988**



depressed following the crash and the subsequent recovery in U.S. stock prices was somewhat less than that in Japan, West Germany, France, and Switzerland [10]. While dividend payments totalled nearly 30 percent of the income paid, tax withheld on these payments represented almost 69 percent of total tax reported. This is the case because, in contrast to interest, dividend payments are rarely exempt from withholding.

TYPE OF RECIPIENT

During 1988, nearly two-thirds of U.S. income paid to foreigners was received by corporations. However, the total tax withheld on this income amounted to only 58 percent of the total, making the effective tax rate for corporations 4.6 percent. One reason for the low rate of taxation was that corporations received 60 percent of their income from interest (which is generally subject to zero or low tax withholding) and just 28 percent of their income from dividends. Also, direct investment dividends (dividends paid on the investment of a parent company in a subsidiary) were subject to lower withholding rates than portfolio dividends under most tax treaties. Corporate recipients accounted for the bulk of the increase in income paid from 1987. There was a 70 percent jump in payments received by corporations in 1988.

After corporations, the second largest amount of U.S. source income went to nominees and fiduciaries, \$3.2 billion. These organizations had a total of \$0.2 billion in taxes withheld, an effective tax rate of 6.4 percent.

Individuals were paid a total of \$2.8 billion, of which more than \$0.2 billion in tax was withheld. This represents an effective rate of withholding of 8.6 percent.

The average payment made to foreigners during 1988 was \$24,210 and the average amount of tax withheld was \$1,297. The recipient type that received the largest average income payment continued to be government or international organizations, at \$2,356,837. The second largest average payments went to corporate recipients, \$257,624. The amount of the average payment to a corporation increased 45 percent from 1987. The average payment received by an individual was \$2,704, an increase of roughly 8 percent.

COUNTRY OF RECIPIENT

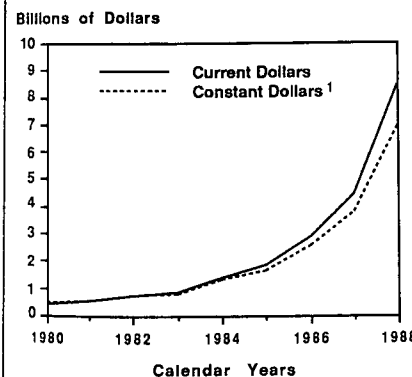
Historically, foreign investors have come to the United States for several reasons, including the safety of investments in this country. By 1988, the dollar had decreased in value by up to 50 percent against certain currencies since its peak earlier in the decade. In addition, the Tax Reform Act of 1986 reduced the maximum corporate tax rate from 46 percent to 34 percent, making it the lowest in the industrialized world [11].

In 1988, for the second year in a row, Japan received the most U.S. source income. Payments to Japanese residents increased by nearly 89 percent from 1987 to a total of \$8.4 billion. This figure represented more than 26 percent of the total income paid to foreign recipients.

Such a large increase may be explained in part by the vast increase in Japanese investments in the United States, in the form of both securities and foreign direct investment. In recent years, Japanese firms have dramatically increased their direct holdings in the United States. The 52 percent increase in direct investment from Japan in 1988 followed a 31 percent increase during 1987. Most of Japan's huge trade surplus is simply redirected to the United States in the form of purchases of Government and other securities. Foreigners have been purchasing increasingly large percentages of U.S. Treasury securities. It is estimated that up to one-third of new issues of Treasury securities in 1988 were purchased by foreign persons [12].

Figure D tracks the increase in U.S. source income payments to Japan from 1980 to 1988. In current dollars, these payments increased more than 800 percent during that time.

Figure D
U.S. Source Income Paid to Japan,
1980 Through 1988



The recipient of the second largest amount of U.S. source income was the United Kingdom. More than \$4.8 billion in income was paid to recipients in the United Kingdom, an increase of more than 13 percent.

Canadian residents received more than \$3.1 billion in

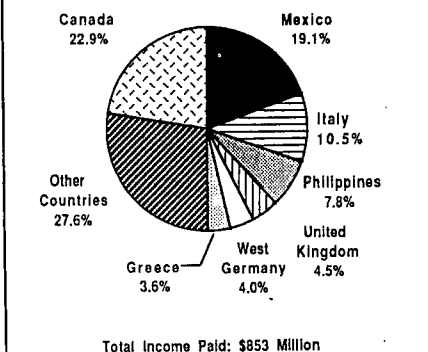
income during 1988, the third largest amount. This is nearly 81 percent more than in 1987. There was an increase of more than 400 percent in dividends paid from U.S. subsidiaries to Canadian parent companies. There was also a near doubling of interest payments to Canada.

Other nations which witnessed large increases in U.S. source income during 1988 included France, where income rose by almost 85 percent, primarily in dividends paid to French parent corporations. Income payments to the Netherlands rose by almost 25 percent. The bulk of this increase came in interest payments.

Recipients in the Netherlands Antilles received almost \$1.6 billion, a decrease of 9 percent from 1987. This continued the declining trend since the peak during 1984. Tax law changes enacted during that year attempted to discourage the utilization of Antilles corporations as financiers for American corporations. Payments have been halved since then.

Figure E details the countries which received the largest percentages of retirement payments from the United States. While the income in this category increased roughly 8 percent from 1987 levels, the percentages paid to the different nations remained virtually the same.

Figure E
Percentage of Social Security and Railroad
Retirement Payments to Recipients in
Selected Countries, 1988



TAX WITHHELD

The overall effective tax rate for 1988 was 5.36 percent, down from the 5.75 percent in 1987. This rate is much lower than the statutory rate for several reasons:

- Tax treaties allow for lower tax rates on certain types of payments made to residents of certain countries.
- U.S. income paid to foreign government organizations is generally not taxed.
- Most U.S. income paid to foreign private foundations is taxed at only a 4 percent rate.
- The statutory rate for social security and railroad retirement benefit payments only applies to roughly half of this income.
- The Tax Reform Act of 1984 removed the withholding tax on most types of portfolio interest.

These factors result in a considerable variation among countries, income types, and recipient types, as to the effective U.S. withholding tax rates.

Figure F ranks the 15 countries with the lowest effective U.S. withholding rates for 1988. Taxes withheld by foreign governments or withholding agents are not included in these statistics because such information may not accurately be attributed to a particular calendar year. These taxes, however, are summarized in Table 1.

Many non-treaty nations had lower effective tax rates than treaty countries. These nations typically had high

Figure F.—Ranking of Countries with Lowest Effective U.S. Withholding Rates, 1988.

(Money amounts are in thousands of dollars)

Country	Total income	Tax withheld	Effective U.S. tax rate
	(1)	(2)	(3)
All countries.....	\$31,845,694	\$1,705,499	5.36%
Oman.....	9,243	12	0.13
United Arab Emirates.....	312,895	447	0.14
Finland.....	104,216	792	0.76
Malaysia.....	40,193	318	0.79
Singapore.....	240,678	2,449	1.02
Taiwan.....	173,519	2,239	1.29
Cyprus.....	13,582	177	1.30
Denmark.....	92,557	1,291	1.39
Pakistan.....	16,983	245	1.44
China.....	84,907	1,071	1.65
Jordan.....	11,113	186	1.67
Netherlands Antilles.....	1,576,516	29,315	1.86
Kuwait.....	186,428	3,668	1.97
New Zealand.....	60,076	1,307	2.18
Belgium.....	874,962	18,621	2.24

percentages of income received in categories which were exempt from withholding for all nations. If a treaty simply reduces rates of withholding rather than exempting income from taxation, non-treaty nations which receive a predominance of tax-exempt income could have a lower overall effective tax rate.

The country which had the lowest effective withholding rate for 1988 was Oman. This was because over 99 percent of the income paid to recipients in that nation were exempt from withholding. The bulk of income paid to Oman (71 percent) was for capital gains, on which income no taxes were withheld. United Arab Emirates (UAE), the perennial leader in this category, had the second lowest effective rate of withholding. Like Oman, over 99 percent of the payments to UAE recipients were exempt from the withholding of tax. Although payments to the UAE were almost evenly split between interest, usually exempt from withholding, and dividends, rarely exempt from withholding, the largest recipient type was government organizations, which are generally exempt from withholding regardless of the type of income paid.

The total amount of tax withheld reported on Forms 1042S during Calendar Year 1988 was \$1.7 billion. This represents an increase of more than 30 percent from 1987. The countries for which the most taxes were withheld were the two that received the largest amounts of payments. Withholding on payments to Japanese recipients rose more than 76 percent to over \$510 million. Recipients in the United Kingdom had the second largest amount withheld, at \$225 million.

SUMMARY

The tremendous increase in U.S. source income paid to foreign recipients is a reflection of the amount of foreign capital and investments which flowed into this country during the middle to late 1980's. Total payments to foreign recipients rose 40 percent in 1988 to a level of \$31.8 billion. Japan, for the second straight year, received the largest amount of payments, \$8.4 billion. The 89 percent increase in payments to Japan in 1988 followed a 56 percent increase in the previous year.

Interest payments were the largest component of U.S. source income payments. These payments represented 55 percent of the total during 1988. Recent legislation, such as the Deficit Reduction Act of 1984, which exempted most interest payments from withholding, has allowed easier access to world capital markets. Consequently, many U.S. corporations have sought foreign sources of funds.

Corporations received the bulk of the payments made to foreigners. Corporate recipients received nearly \$21 billion during 1988.

The total amount of tax withheld on all payments rose 30 percent to \$1.7 billion. While the statutory rate of withholding remained 30 percent on most types of income, the overall effective withholding rate was substantially lower, at 5.36 percent.

DATA SOURCES AND LIMITATIONS

Payers of most U.S. source income to foreign persons must have taxes withheld in accordance with the Internal Revenue Code (as modified by tax treaties). Form 1042S, *Foreign Persons' U.S. Source Income Subject to Withholding*, is filed by the withholding agent to report the amount of this income and the tax withheld. Often a financial institution acts as the payer's withholding agent.

The statistics in this article were tabulated by calendar year, based on all Forms 1042S filed with the IRS for calendar year 1988. Forms for Calendar Year 1988 were filed up to the deadline of March 15, 1989. The amounts shown are the income paid and the tax withheld except for tax withheld by foreign governments and withholding agents. This additional tax cannot be attributed to specific types of income or years and is included only in Table 1. All other figures for taxes withheld and percentages exclude taxes withheld by these governments or agents.

Income that is "effectively connected" with a U.S. trade or business is not subject to the withholding tax, and, except for reporting errors, is not generally included in these statistics. Bank deposit interest is also excluded from the statistics in this article.

Because all Forms 1042S are included in the statistics, the data are not subject to sampling error. However, the data are subject to non-sampling error, such as computer data entry error and minor taxpayer reporting errors. A limited computer program was used to test the data for certain basic numerical relationships, including the calculation of the correct tax withheld. In addition, Forms 1042S with income amounts greater than \$2 million were manually verified.

EXPLANATION OF SELECTED TERMS

Eurobond.-- Eurobond placements are U.S. corporate bonds placed in foreign markets that are denominated and sold in dollars and that also yield dollar interest.

Foreign Person.-- For purposes of this article, foreign persons include (a) individuals whose residence (for tax purposes) is outside of the United States and who are not U.S. citizens; and (b) corporations and other organizations, including partnerships, private foundations, estates, trusts, and charitable organizations, created or organized outside the United States. Persons residing in Puerto Rico and other U.S. possessions are also considered foreign persons for purposes of the income and withholding tax.

Foreign Tax Credit.-- U.S. persons are subject to U.S. tax on their worldwide income. The portion of this income derived from foreign sources is also generally subject to tax by the country in which it was earned. In order to avoid double taxation on this foreign source income, U.S. tax law allows for a dollar-for-dollar credit against U.S. income tax for foreign income taxes. In general, this credit is allowed up to the amount of the U.S. tax on this foreign source income. The credit is subject to a number of other limitations [13].

Income Effectively Connected With a U.S. Trade or Business.-- Income that is "effectively connected" with the conduct of a trade or business in the United States is exempt from withholding tax. This income is taxed at substantially the same rates that apply to U.S. citizens, residents, and corporations. When a foreign corporation, for instance, has a business operation in the United States, it has to file a U.S. income tax return on Form 1120F and pay appropriate taxes on the income of this operation (including branch profits taxes). When this income is later remitted by the U.S. branch to the foreign parent corporation, it is generally not subject to further U.S. taxation. These amounts may be erroneously reported on Forms 1042S, but the extent of their inclusion in these statistics is unknown but it is believed to be insignificant.

Nominee and Fiduciary.--An entity chosen or appointed to accept income for, or act on behalf of, the beneficial owner of the income. Typically, a financial institution acts as a nominee or fiduciary.

Withholding Agent.--Any person (individual, corporation, partnership, estate, or trust) required to withhold tax. Usually the withholding agent is the payer of the income or a person (usually a financial institution) acting on behalf of the payer. A foreign nominee or fiduciary required to withhold additional tax under a tax treaty is also a withholding agent. Foreign governments may act as withholding agents by withholding additional taxes on persons who are not entitled to the treaty rates.

NOTES AND REFERENCES

- [1] U.S. source income includes, but is not limited to, interest, dividends, rents, royalties, capital gains, and compensation for personal services paid to foreign persons from sources in the United States. Many of these types of U.S. income are subject to a withholding tax at the source. Bank deposit interest and income "effectively connected" with a U.S. trade or business are not subject to this withholding. Many items of income are also exempt under statutes or bilateral tax treaties, but must be reported by withholding agents. IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*, contains a further clarification of the income subject to withholding.
- [2] Bischof, Jon E., ed. *Income Tax Treaties*. New York: Practising Law Institute, 1978.
- [3] Prior to the passage of the 1984 Act, many U.S. multinational corporations sought to borrow funds in the Eurobond market, where interest must be payable free of tax. U.S. corporations would establish a finance subsidiary in the Netherlands Antilles. These subsidiaries borrowed funds in the Eurobond market and loaned that money to the U.S. parent. The interest payments from the parent to the subsidiary were largely exempt from U.S. withholding under the U.S. treaty with the Antilles. And the payments from the subsidiary to bondholders were exempt under Antilles law. With the 1984 Act, all portfolio interest payments were exempted, therefore eliminating the necessity of borrowing through the Antilles.
- [4] For a complete listing of all current U.S. tax treaties, see IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*.
- [5] Chin, Felix. *Tax Havens: A Selected Bibliography*. Monticello, IL: Vance Bibliographies, 1980.
- [6] Starchild, Adam. *Tax Havens*. New Rochelle, NY: Arlington House Publishers, 1979. The tax havens used in creating Figure B were taken from this source and include: Bahamas, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Hong Kong, Liberia, Liechtenstein, Netherlands Antilles, Panama, and Switzerland.
- [7] Chin, p. 30.
- [8] Scholl, Russell B., "The Investment Position of the United States in 1988," *Survey of Current Business*, U.S. Department of Commerce, Bureau of Economic Analysis, June, 1989, p. 44.
- [9] *Ibid.*, p. 45.
- [10] *Ibid.*, p. 44.
- [11] Fierman, Jactyn, "The Selling Off of America," *Fortune*, Vol. 144. December 22, 1986, p. 49.
- [12] Scholl, p. 44.
- [13] For a further discussion of the foreign tax credit, see Redmiles, Melissa, "Corporate Foreign Tax Credit, 1986: An Industry Focus," *Statistics of Income Bulletin*, Fall, 1990, Volume 10, Number 2.

Table 1.—Forms 1042S: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Nontreaty Countries
[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	By domestic withholding agents	By foreign governments and withholding agents
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total	1,315,408	31,845,694	18,749,816	13,095,878	1,759,267	1,705,499	53,768
Treaty countries, total	972,386	27,968,124	16,212,056	11,756,068	1,473,699	1,419,881	53,768
Australia	21,823	308,985	136,569	172,416	21,490	21,490	—
Austria	5,448	140,514	50,037	90,477	13,921	13,759	162
Barbados	780	35,010	27,051	7,959	1,070	1,070	—
Belgium	12,892	874,982	749,550	125,433	138,557	138,557	—
Bermuda	317,858	3,153,875	2,058,479	1,095,396	1,071	1,071	—
Canada	8,962	64,907	54,719	10,188	177	177	—
China	1,479	13,582	12,528	1,055	1,291	1,291	—
Cyprus	3,811	92,557	82,877	9,679	180	180	—
Denmark	1,214	104,216	97,356	6,861	792	792	—
Egypt	1,490	104,216	563,619	716,859	56,596	56,596	—
France	27,296	1,280,478	94,217	37,552	6,425	6,425	—
Germany	16,445	46,973	5,952	860	142	142	—
Greece	494	5,952	212	435	96	96	—
Hong Kong	152	48,169	20,486	27,682	4,231	4,231	—
Iceland	11,128	217,835	112,284	105,551	13,052	13,052	—
Ireland	35,889	330,119	217,835	112,284	955	955	—
Italy	2,267	7,404	1,018	6,386	510,567	510,567	—
Jamaica	28,874	8,421,793	4,203,839	4,217,954	5,073	5,073	—
Japan	2,497	65,487	21,889	43,598	27,872	26,368	1,504
Korea	6,068	285,803	184,057	101,746	37	37	—
Luxembourg	690	1,797	1,599	199	150	150	—
Malta	452	1,684	1,314,804	1,089,408	88,749	88,749	568
Mexico	13,257	2,404,212	1,455,420	1,210,996	29,315	29,315	—
Netherlands	3,864	1,576,516	1,455,420	1,210,996	1,307	1,307	—
Netherlands Antilles	4,739	60,076	51,957	8,119	2,838	2,838	—
New Zealand	7,345	58,325	40,322	18,003	245	245	—
Norway	2,737	16,963	15,692	1,271	11,747	11,747	—
Pakistan	28,545	70,214	5,180	74,033	1,589	1,589	—
Philippines	2,333	15,319	3,904	11,415	49	49	—
Poland	118	541	260	280	13,107	13,107	—
Romania	8,634	207,170	40,995	166,175	173,032	128,049	44,983
Sweden	39,226	1,964,432	835,775	1,128,657	460	460	—
Switzerland	39,226	3,794	1,121	2,672	224,679	224,679	—
Trinidad and Tobago	1,208	4,843,767	3,139,152	1,704,615	249	249	—
United Kingdom	262,003	2,991	2,126	865	96,790	96,790	—
USSR	557	1,446,482	803,791	642,691	285,618	285,618	—
West Germany	89,041	3,877,570	2,537,760	1,339,810	3,330	3,330	—
Nontreaty countries, total	343,040	3,877,570	2,537,760	1,339,810	285,618	285,618	—
Argentina	10,026	33,455	18,778	14,677	21,209	21,209	—
Bahamas	4,351	206,154	132,914	73,240	24,534	24,534	—
Bermuda	2,847	175,828	93,493	82,335	2,875	2,875	—
Brazil	6,438	27,153	14,010	13,143	11,207	11,207	—
British Virgin Islands	1,441	64,769	29,997	34,771	13,351	13,351	—
Cayman Islands	2,531	237,123	179,714	57,409	22,543	22,543	—
Hong Kong	16,078	230,146	135,237	94,909	3,954	3,954	—
Israel	7,501	32,193	15,224	16,969	6,787	6,787	—
Jersey	545	42,545	19,655	22,890	2,668	2,668	—
Kuwait	1,910	166,428	174,162	12,267	8,395	8,395	—
Liberia	965	52,321	24,083	28,238	6,612	6,612	—
Liechtenstein	1,947	35,762	13,423	22,339	40,878	40,878	—
Mexico	97,151	306,342	83,308	223,034	20,560	20,560	—
Panama	9,689	211,557	136,350	75,207	3,408	3,408	—
Portugal	6,328	26,613	5,123	21,490	713	713	—
Puerto Rico	8,300	11,457	7,808	3,649	3,341	3,341	—
Saudi Arabia	5,251	133,789	122,540	11,249	7,445	7,445	—
Singapore	6,400	240,678	232,014	8,665	1,491	1,491	—
South Africa	5,625	142,774	110,197	32,577	7,445	7,445	—
Spain	11,306	173,519	164,736	8,783	443	443	—
Taiwan	6,631	312,895	311,413	1,483	3,396	3,396	—
United Arab Emirates	1,042	32,080	18,507	13,573	71,790	71,790	—
Venezuela	9,508	941,921	483,521	458,400	—	—	—
Other nontreaty countries	117,927	941,921	483,521	458,400	71,790	71,790	—

Foreign Recipients of U.S. Income, 1988

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient
(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	Personal services
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All countries, total	1,315,406	1,705,499	31,845,694	17,814,665	9,510,170	1,892,892	853,243	517,934
Individuals	1,045,080	243,006	2,825,719	791,935	464,454	104,379	853,243	225,021
Corporations	80,220	950,777	20,666,556	12,393,048	5,702,832	1,483,956	—	235,239
Algeria	107	1,126	13,899	11	13,865	(¹)	—	43
Individuals	89	31	240	6	13	(¹)	—	43
Corporations	4	1,095	13,656	6	13,650	—	—	—
Argentina	10,026	3,330	33,455	13,240	5,251	293	3,964	(¹)
Individuals	8,152	2,753	19,450	4,400	4,286	122	3,964	4,441
Corporations	1,110	577	14,868	800	153	61	—	—
Australia	21,823	21,490	308,985	159,928	75,592	54,633	4,371	4,239
Individuals	18,288	2,803	33,264	11,786	4,655	2,636	4,371	3,141
Corporations	1,630	8,871	197,736	135,143	15,345	42,218	—	—
Austria	5,448	13,759	140,514	43,482	85,129	603	3,112	4,746
Individuals	3,418	1,338	12,713	10,012	1,455	167	3,112	245
Corporations	365	766	33,621	25,110	5,103	323	—	1,957
Bahamas	4,351	21,209	206,154	128,407	63,319	3,324	704	2,431
Individuals	1,774	2,024	9,423	2,251	5,831	3	704	381
Corporations	1,135	11,398	117,627	73,152	32,530	2,745	—	63
Bahrain	815	800	22,833	18,296	4,336	—	—	—
Individuals	462	114	687	283	380	(¹)	4	—
Corporations	53	507	10,025	8,381	1,490	3	—	—
Barbados	790	1,070	33,010	28,209	5,424	28	1,135	12
Individuals	571	319	2,106	150	1,135	—	—	—
Corporations	81	319	8,335	8,473	2,058	—	—	—
Belgium	12,892	19,621	874,962	756,821	78,090	23,933	1,980	4,241
Individuals	9,995	2,433	19,664	6,218	3,670	436	1,980	3,568
Corporations	1,017	8,479	117,539	53,549	34,795	23,318	—	—
Bermuda	2,847	24,534	175,828	104,714	52,882	4,924	540	386
Individuals	1,316	4,271	18,038	3,540	2,614	15	540	412
Corporations	585	12,970	98,017	61,536	30,591	4,908	—	14
Brazil	6,438	2,875	27,153	12,849	4,310	672	3,323	2,916
Individuals	5,508	2,193	15,767	4,455	2,477	3,323	2,589	—
Corporations	140	338	6,486	4,540	718	273	—	3
Breath Virgin Islands	1,441	11,207	64,769	18,924	13,813	22,623	2	3
Individuals	342	342	1,769	324	1,183	25	—	—
Corporations	579	9,660	51,093	11,320	8,244	22,598	2	2
Canada	317,858	138,557	3,153,675	1,397,838	1,238,921	195,317	58,622	58,622
Individuals	261,848	23,980	382,985	33,846	69,748	17,273	195,317	15,054
Corporations	16,686	94,012	2,322,339	1,198,866	922,800	90,519	—	31,430
Cayman Islands	2,531	13,351	327,123	186,608	37,322	330	406	106
Individuals	1,466	1,337	9,866	3,816	79	406	—	—
Corporations	1,345	8,801	138,627	106,066	23,714	245	—	106
Chile	3,593	1,119	14,650	6,233	2,410	36	1,327	3,162
Individuals	2,970	870	5,679	1,870	1,664	31	1,327	254
Corporations	98	97	5,610	2,074	2,899	111	—	2,899
China	8,982	1,071	64,907	15,767	2,333	817	54	32,314
Individuals	8,529	379	45,747	657	446	27	54	31,117
Corporations	52	127	12,031	10,532	187	788	—	497
Colombia	7,315	2,023	21,429	11,993	4,173	246	2,869	415
Individuals	5,965	1,476	11,656	3,864	2,972	74	2,869	111
Corporations	127	122	3,642	3,486	187	126	—	3
Costa Rica	2,885	1,026	11,286	3,676	1,379	46	306	306
Individuals	2,478	984	8,445	1,388	859	41	2,772	303
Corporations	98	83	2,618	244	510	24	—	—
Cyprus	1,479	177	13,582	152	227	2,491	764	127
Individuals	1,432	135	10,940	150	78	764	—	126
Corporations	6	9	2,522	—	31	—	—	(¹)
Czechoslovakia	1,111	938	5,338	283	112	259	3,290	1,033
Individuals	1,045	773	4,451	283	34	3,290	374	—
Corporations	6	1	12	(¹)	12	—	—	—
Denmark	3,811	1,291	92,557	52,602	4,966	12,500	3,564	891
Individuals	3,147	887	6,877	450	765	114	3,564	737
Corporations	152	123	46,209	31,402	2,180	12,291	—	—
Dominican Republic	3,683	1,278	11,573	1,829	468	33	7,378	215
Individuals	3,510	1,222	10,906	1,271	307	33	7,378	123
Corporations	26	1	370	245	—	—	—	2
East Germany	261	209	909	211	211	17	—	303
Individuals	186	74	741	193	74	—	—	303
Corporations	8	39	133	—	130	2	—	—
Ecuador	2,632	898	8,763	2,586	610	161	3,435	180
Individuals	2,352	798	6,593	1,139	737	148	3,435	106
Corporations	152	123	46,209	31,402	2,180	12,291	—	—
Egypt	2,214	31	20	89	111	—	—	2
Individuals	1,027	103	2,616	423	459	11	31	622
Corporations	30	18	452	332	118	9	—	—
El Salvador	1,145	3,797	858	610	78	1,038	56	56
Individuals	1,042	336	3,531	747	50	78	1,038	44
Corporations	21	17	94	32	50	—	—	—
Finland	1,490	792	104,216	68,166	4,066	1,247	2,073	3,476
Individuals	1,205	432	4,150	198	152	114	2,073	868
Corporations	94	262	62,535	34,680	3,680	1,059	—	2,341
France	27,296	56,162	1,280,476	437,511	545,319	10,319	26,892	10,319
Individuals	18,505	7,384	22,952	19,059	16,847	10,316	—	15,422
Corporations	2,974	33,908	960,786	338,732	420,358	159,174	—	10,335

Footnote at end of table.

Foreign Recipients of U.S. Income, 1988

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued
(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	Personal services
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
	16,445	6,425	46,973	4,022	5,450	122	30,485	1,847
Greece	15,235	5,602	41,690	1,872	2,478	113	30,485	1,802
Individuals	109	178	2,016	1,416	598	(¹)	—	1
Corporations	284	6,976	26,104	3,539	24,163	104	—	—
Guatemala	60	237	1,057	766	—	—	—	—
Individuals	3,495	1,158	13,158	1,612	34	—	—	—
Corporations	1,621	592	6,976	819	892	236	1,019	206
Hong Kong	1,521	488	6,379	638	526	284	1,019	205
Individuals	24	73	321	32	242	17	—	—
Corporations	18,078	22,543	230,146	133,914	68,112	1,825	4,627	2,186
Indonesia	12,488	6,092	31,616	7,837	12,546	905	4,827	1,545
Individuals	1,180	7,516	110,923	105,573	24,838	908	—	612
Corporations	494	142	5,952	2,636	130	103	153	1,642
Hungary	464	136	3,269	55	130	61	153	1,580
Individuals	4	—	26	—	—	26	—	—
Corporations	3,916	1,773	22,351	7,095	1,384	845	666	1,440
India	3,416	1,613	12,299	306	898	836	666	1,353
Individuals	46	65	5,320	2,477	180	(¹)	—	28
Corporations	1,536	477	16,238	11,171	1,082	26	44	2,127
Indonesia	1,217	330	4,655	1,82	538	26	44	2,124
Individuals	42	17	10,645	10,549	49	—	—	1
Corporations	11,128	4,231	48,169	17,344	17,956	381	8,222	1,590
Israel	10,289	1,932	21,834	7,255	2,588	290	8,222	1,474
Individuals	169	286	11,691	9,055	1,842	56	—	94
Corporations	794	1,014	29,466	11,021	3,641	250	—	91
Italy	630	140	2,330	1,724	349	119	—	13
Individuals	97	750	20,054	8,719	2,794	131	—	78
Corporations	7,501	3,954	32,193	15,317	5,363	1,088	3,725	2,267
Israel	5,706	2,290	14,480	2,028	2,163	913	3,725	1,702
Individuals	143	328	9,258	4,034	673	80	370	370
Corporations	35,859	13,052	330,119	126,572	53,819	36,650	89,419	9,235
Italy	33,853	5,121	127,728	8,256	11,765	11,765	89,419	9,235
Individuals	517	4,392	158,921	105,933	26,305	23,561	—	1,057
Corporations	2,267	955	7,404	364	705	157	5,074	265
Individuals	2,143	872	6,750	226	254	157	5,074	264
Corporations	28	76	525	36	486	—	—	1
Japan	28,874	510,567	8,421,793	5,465,354	2,034,428	479,823	10,793	101,100
Individuals	20,737	4,255	76,831	23,383	8,674	4,502	10,793	11,139
Corporations	4,093	35,913	6,599,866	4,549,957	1,358,324	455,862	—	88,759
Jordan	545	6,787	42,545	16,675	21,977	147	6	38
Individuals	111	99	444	86	292	7	6	38
Corporations	163	2,174	14,954	8,343	6,456	129	—	2
Korea	830	185	11,113	8,042	290	2	62	5
Individuals	744	143	3,334	402	152	2	62	5
Corporations	23	20	7,693	7,625	67	(¹)	—	—
Kuwait	1,910	3,668	186,428	139,969	45,249	63	—	290
Individuals	1,427	693	4,303	1,398	2,011	63	—	51
Corporations	154	1,512	49,256	44,719	4,249	—	—	239
Lebanon	1,889	831	13,922	2,498	1,503	54	367	8,878
Individuals	1,609	723	12,910	1,920	1,136	54	367	8,878
Corporations	40	25	177	96	82	—	42	—
Liberal	965	8,395	52,321	13,531	23,851	20	42	—
Individuals	214	319	1,205	772	898	—	42	—
Corporations	424	2,122	26,350	11,444	3,150	20	—	389
Liechtenstein	1,947	6,912	35,762	14,877	19,983	97	4	1
Individuals	336	1,105	4,767	1,246	3,339	1	—	389
Corporations	1,021	5,807	17,397	7,067	9,809	63	—	713
Luxembourg	6,066	26,368	285,803	176,030	103,400	315	171	359
Individuals	798	729	3,564	231	2,673	315	171	359
Corporations	1,634	7,635	153,444	118,952	31,230	51	24	219
Malaysia	1,908	318	40,193	38,457	773	50	24	219
Individuals	1,607	256	1,742	240	567	50	24	219
Corporations	44	12	8,091	8,043	47	6,443	162,814	6,205
Mexico	97,151	40,878	306,342	81,852	30,537	3,995	162,814	2,834
Individuals	89,984	35,600	245,710	40,102	24,046	3,995	162,814	2,834
Corporations	680	1,283	18,106	8,338	1,352	1,930	—	786
Morocco	947	2,338	13,139	2,847	5,632	2,120	113	1,467
Individuals	660	1,283	6,842	1,512	1,298	2,119	113	972
Corporations	91	412	3,946	1,621	5,675	—	—	10
Netherlands	13,657	894,291	2,404,212	1,114,652	1,039,927	136,202	5,328	20,196
Individuals	8,939	4,108	33,740	1,481	11,532	699	5,328	7,408
Corporations	1,367	54,495	2,076,118	981,882	805,444	132,264	393	12,403
Netherlands Antilles	3,864	2,511	1,571,516	1,424,452	99,913	393	393	86
Individuals	1,355	1,935	1,245	2,405	5,630	1,307	393	86
Corporations	11,458	18,458	1,416,467	1,303,113	65,671	18,837	—	856
New Zealand	4,739	308	10,324	34,931	4,857	327	345	1,450
Individuals	1,202	511	11,539	7,536	670	117	345	420
Corporations	4,209	2,205	10,324	7,536	3,029	101	—	895
Norway	7,245	2,405	58,325	23,507	5,606	1,044	11,331	1,775
Individuals	1,720	2,205	17,179	901	1,344	385	11,331	787
Corporations	672	404	37,831	21,065	2,787	635	—	880
Oman	116	12	9,243	1,476	1,189	—	—	1
Individuals	88	8	118	8	16	—	—	—
Corporations	9	2	6,651	88	7	—	—	—

Foreign Recipients of U.S. Income, 1988

Table 2.—Forms 1042S: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient—Continued

(Money amounts are in thousands of dollars)

Country or geographic area and recipient type	Number of Forms 1042S	Tax withheld	Income paid					Personal services
			Total	Interest	Dividends	Rents and royalties	Social security and railroad retirement	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Pakistan	2,737	245	16,893	213	483	14	149	811
Individuals	2,560	204	16,598	169	254	10	149	810
Corporations	6	7	24	1	43	—	—	—
Panama	9,689	20,560	211,557	113,742	56,942	11,566	979	330
Individuals	2,772	2,032	12,254	2,967	5,593	31	979	235
Corporations	4,149	14,472	141,700	68,631	37,280	11,527	—	—
Peru	3,072	672	7,755	3,074	1,428	311	838	112
Individuals	2,623	631	5,782	1,514	1,012	273	838	71
Corporations	40	113	455	342	71	34	—	—
Philippines	28,546	11,747	79,214	2,827	2,818	120	66,833	1,556
Individuals	27,653	11,480	77,197	1,911	1,866	52	66,833	1,491
Corporations	106	73	674	490	121	54	—	—
Poland	2,933	1,589	15,318	217	1,332	114	9,419	2,465
Individuals	2,893	1,498	13,753	135	81	46	9,419	2,301
Corporations	7	63	1,334	81	1,249	3	—	—
Portugal	7,628	3,408	26,613	4,282	1,046	134	19,597	288
Individuals	7,219	3,259	22,146	794	721	91	19,597	277
Corporations	88	18	3,636	2,986	35	14	—	—
Puerto Rico	6,300	713	11,457	7,590	1,187	81	2,064	30
Individuals	5,673	534	3,400	435	585	8	2,064	128
Corporations	391	128	4,057	498	53	—	—	—
Saudi Arabia	5,251	3,341	133,789	90,898	36,109	59	16	4,146
Individuals	3,951	1,347	5,898	918	3,696	57	16	122
Corporations	111	389	62,607	33,839	28,468	—	—	—
Singapore	6,400	2,448	240,678	202,491	33,150	115	156	216
Individuals	5,395	673	16,246	4,196	1,417	106	156	196
Corporations	231	1,019	20,088	9,720	2,506	9	—	—
South Africa	5,025	1,491	18,106	10,946	1,374	1,032	541	1,572
Individuals	5,266	983	220	220	1,023	670	541	1,153
Corporations	43	132	65,487	26,922	52	223	—	—
South Korea	2,497	5073	65,487	26,922	22,318	7,535	108	4,196
Individuals	2,294	240	9,032	489	386	5	108	4,855
Corporations	60	4,787	44,050	14,373	21,806	7,530	—	—
Spain	11,308	7,445	142,774	112,016	8,415	2,254	12,503	3,683
Individuals	10,051	4,281	26,158	5,335	3,791	260	12,503	2,741
Corporations	350	2,121	29,916	25,586	2,415	1,280	—	—
Sweden	8,634	13,107	207,170	29,012	141,712	5,262	10,934	14,207
Individuals	7,841	5,180	159,297	885	2,898	586	10,934	11,348
Corporations	204	6,733	17,337	17,337	133,594	4,213	—	—
Switzerland	39,226	128,049	1,964,432	1,075,940	684,913	106,449	4,413	16,281
Individuals	13,109	8,428	79,722	24,475	31,812	4,578	4,413	5,435
Corporations	14,741	58,471	1,314,950	843,974	322,652	89,079	—	10,369
Taiwan	6,631	2,230	173,519	149,269	5,082	187	132	2,885
Individuals	5,553	1,463	12,493	3,778	3,082	59	132	2,686
Corporations	98	333	42,074	28,191	682	11	—	—
Thailand	1,320	409	9,559	6,771	623	314	545	370
Individuals	1,105	339	2,744	190	397	308	545	369
Corporations	21	34	2,295	2,193	103	—	—	—
United Arab Emirates	1,042	443	312,895	178,585	132,187	2	—	—
Individuals	911	167	2,721	337	534	2	—	—
Corporations	38	218	2,242	1,422	565	—	—	—
United Kingdom	262,003	224,679	4,843,767	2,318,910	1,602,188	297,973	38,045	100,812
Individuals	209,082	16,229	626,074	440,108	63,065	16,567	38,045	31,541
Corporations	11,624	85,934	2,654,215	1,350,683	847,052	253,362	—	53,743
Uruguay	2,037	1,132	10,385	6,547	3,180	96	135	27
Individuals	992	522	2,860	1,000	1,229	96	135	14
Corporations	281	361	3,631	2,636	1,191	—	—	—
Venezuela	9,508	3,396	32,060	18,753	7,576	3,958	1,056	995
Individuals	7,381	2,325	15,928	5,822	4,818	346	1,056	821
Corporations	336	348	2,239	1,015	12	—	—	—
West Germany	89,041	96,790	1,415,517	530,930	552,598	134,328	34,498	24,419
Individuals	70,261	24,785	215,332	93,699	91,640	9,373	34,498	17,030
Corporations	2,820	54,005	983,675	386,282	378,746	112,801	—	5,238
Yugoslavia	3,994	2,261	15,000	946	513	86	11,700	75
Individuals	3,858	2,177	14,038	285	332	78	11,700	14
Corporations	14	21	82,350	(1)	69	2	—	—
Other Countries	61,183	32,002	488,255	218,012	150,008	9,432	43,708	8,648
Individuals	48,359	12,281	125,236	14,124	18,144	1,363	43,708	6,701
Corporations	2,436	10,754	219,263	200,404	71,260	7,122	—	1,471

¹ Less than \$500

Section 12

U.S. Partnership Income of Foreign Partners

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Table 5: 1989 Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, Recipient Type: Other, p. 410.

The Tax Reform Act of 1986 created an obligation for U.S. partnerships to withhold income tax on effectively connected taxable income deemed allocable to foreign partners. The U.S. partnership must file a Form 8805 for each foreign partner. This form identifies the partner by name, address, and organization type (individual, corporation, partnership, or other). The amount of income attributable to that partner, as well as, the amount of tax withheld on that income is specified, also. The United States partnership must file a Form 8804 for itself. This return lists the amount of income attributable to foreign partners as a whole, and the amount of tax withheld from that income.

This section presents information from five tables. The tables below list income amounts attributable to foreign partners and the tax withheld. There is a separate table for each different recipient type and a summary table. Recipients are differentiated by organization type: individual, corporation, partnership, or other. The tables present partner-level information by country of residence of each partner.

* Form 8804, Annual Return for Partnership Withholding Tax (Section 1446) (p. 522)

* Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax (p. 522)

* Form 8813, Partnership Withholding Tax Payment (Section 1446) (p. 523)

TABLE 1: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989

Summary of All Recipient Types

COUNTRY	NUMBER OF FORMS 8805 FILED	GROSS INCOME (OR LOSS)	TAX WITHHELD	SECTION 1445 CREDIT TOTAL	SECTION 1446 CREDIT TOTAL
	[1]	[2]	[3]	[4]	[5]
All countries.....	32,432	347,954,233	118,359,364	8,241,657	110,117,707
Argentina.....	13	212,851	61,010	-	61,010
Australia.....	58	5,868,920	2,200,289	-	2,200,289
Austria.....	15	30,879	13,226	281	12,945
Bahamas, The.....	29	294,085	116,121	-	116,121
Belgium.....	82	6,214,911	2,066,389	538	2,065,851
Bermuda.....	22	5,017,870	5,298,186	-	5,298,186
Brazil.....	16	172,239	78,912	4,382	74,530
Canada.....	2,249	25,356,196	9,988,975	109,569	9,879,406
Canary Islands.....	30	655,360	193,593	12,636	180,957
Cayman Islands.....	23	481,831	164,411	714	163,697
China, People's Rep.	17	200,309	56,493	-	56,493
Colombia.....	80	476,306	224,751	160,040	64,711
Comoros.....	4	107	235	-	235
Costa Rica.....	7	77,130	25,942	-	25,942
Cyprus.....	22	3,090	936	-	936
Denmark.....	7	42,962	15,064	-	15,064
Egypt.....	6	5,367	1,886	-	1,886
Finland.....	6	-	-	-	-
France.....	352	12,285,391	4,152,052	20,954	4,131,098
Germany, Dem Rep-East	7	29,746	8,329	-	8,329
Germany, Fed Rep-West	25,278	144,696,380	43,599,878	5,529,532	38,070,346
Greece.....	22	429,738	141,987	102	141,885
Guatemala.....	4	295	377	59	318
Hong Kong.....	69	2,525,783	851,213	-	851,213
Ireland.....	97	217,978	61,034	-	61,034
Israel.....	40	485,246	177,730	-	177,730
Italy.....	18	579,348	188,624	26,592	162,032
Japan.....	585	33,391,249	11,641,967	-	11,641,967

TABLE 1: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989 -- continued

Summary of All Recipient Types

COUNTRY	NUMBER OF FORMS 8805 FILED	GROSS INCOME (OR LOSS)	TAX WITHHELD	SECTION 1445 CREDIT TOTAL	SECTION 1446 CREDIT TOTAL
	[1]	[2]	[3]	[4]	[5]
Jersey.....	8	12,280,254	3,438,471	-	3,438,471
Kuwait.....	8	132,377	39,517	-	39,517
Lebanon.....	26	618,888	203,989	21,963	182,026
Liberia.....	7	121,886	42,531	0	42,531
Liechtenstein.....	61	478,765	172,302	1,480	170,822
Luxembourg.....	6	45,663	21,023	6,286	14,737
Mexico.....	345	3,203,797	1,031,859	10,423	1,021,436
Monaco.....	13	89,032	25,314	0	25,314
Netherlands.....	652	10,316,802	3,957,101	50,488	3,906,613
Netherlands Antilles	99	3,175,661	1,225,665	340,391	885,273
New Zealand.....	220	5,220,961	1,629,345	0	1,629,345
Nigeria.....	3	2,255	1,535	0	1,535
Niue.....	3	14,580	4,957	0	4,957
Norway.....	18	750,425	295,527	41,519	254,009
Panama.....	44	951,599	353,346	51,118	302,229
Peru.....	45	413,923	162,865	110,735	52,130
Philippines.....	16	35,607	17,843	2,095	15,748
Puerto Rico.....	17	558	156	0	156
Saudi Arabia.....	54	1,729,182	498,219	447,751	50,468
Singapore.....	9	1,295,269	442,567	0	442,567
South Africa.....	16	47,953	13,898	127	13,771
Sweden.....	36	235,741	140,146	0	140,146
Switzerland.....	541	7,281,967	2,950,507	94,619	2,855,888
Thailand.....	8	0	19	0	19
Taiwan.....	43	(137,347)	36,164	193	35,971
United Arab Emirates	4	5,147	1,441	0	1,441
United Kingdom.....	363	10,979,520	3,614,962	22,814	3,592,148
Venezuela.....	45	2,122,687	685,976	489,316	196,660
Virgin Is (British).	30	13,868,978	3,999,213	0	3,999,213
Other countries.....	534	32,920,537	12,023,293	684,938	11,338,355

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TABLE 2: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989

Recipient Type: Individual

COUNTRY	NUMBER OF FORMS 8805 FILED	GROSS INCOME (OR LOSS)	TAX WITHHELD	SECTION 1445 CREDIT TOTAL	SECTION 1446 CREDIT TOTAL
	[1]	[2]	[3]	[4]	[5]
All countries.....	30,181	160,266,243	49,699,970	7,218,387	42,481,583
Argentina.....	11	212,851	61,010	-	61,010
Australia.....	33	2,316,582	669,991	-	669,991
Austria.....	13	26,107	11,380	281	11,099
Bahamas, The.....	7	41,224	11,746	-	11,746
Belgium.....	70	4,531,176	1,491,511	538	1,490,974
Bermuda.....	7	421,511	122,531	-	122,531
Brazil.....	15	96,167	50,488	4,382	46,106
Canada.....	1,734	8,008,949	2,993,827	102,638	2,891,189
Canary Islands.....	29	655,360	193,593	12,636	180,957
China, People's Rep..	16	104,559	29,379	-	29,379
Colombia.....	74	457,552	217,815	160,040	57,775
Cyprus.....	22	3,090	936	-	936
Denmark.....	5	24,407	6,874	-	6,874
Egypt.....	6	5,367	1,886	-	1,886
Ireland.....	87	217,978	61,034	-	61,034
France.....	316	5,911,216	1,886,679	20,954	1,865,725
Germany, Dem Rep-East	7	29,746	8,329	-	8,329
Germany, Fed Rep-West	24,897	110,814,197	33,087,658	5,492,960	27,594,698
Greece.....	21	257,295	72,988	102	72,886
Hong Kong.....	59	643,121	303,642	-	303,642
Israel.....	36	485,246	175,730	-	175,730
Italy.....	15	456,072	146,456	26,592	119,864
Japan.....	330	3,236,449	926,797	-	926,797
Kuwait.....	6	119,086	34,066	-	34,066
Lebanon.....	26	618,888	203,989	21,963	182,026
Liechtenstein.....	9	110,823	33,698	-	33,698

U.S. Partnership Income of Foreign Partners, 1989

TABLE 2: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989 -- continued

Recipient Type: Individual

COUNTRY	NUMBER OF FORMS 8805 FILED [1]	GROSS INCOME (OR LOSS) [2]	TAX WITHHELD [3]	SECTION 1445 CREDIT TOTAL [4]	SECTION 1446 CREDIT TOTAL [5]
Luxembourg.....	3	39,562	11,077	6,286	4,791
Mexico.....	334	2,852,383	906,416	10,423	895,993
Monaco.....	11	89,032	25,314	-	25,314
Netherlands.....	476	1,256,637	470,322	50,007	420,315
Netherlands Antilles..	17	11,558	4,442	238	4,205
New Zealand.....	211	741,855	259,399	-	259,399
Nigeria.....	3	2,255	1,535	-	1,535
Norway.....	12	2,784	11,104	39	11,066
Panama.....	14	497,147	160,908	51,118	109,791
Peru.....	45	413,923	162,865	110,735	52,130
Philippines.....	10	20,241	13,542	2,095	11,447
Puerto Rico.....	16	558	156	-	156
Saudi Arabia.....	49	1,729,129	498,189	447,751	50,438
Singapore.....	5	12,331	5,448	-	5,448
South Africa.....	16	47,953	13,898	127	13,771
Sweden.....	28	226,509	122,847	-	122,847
Switzerland.....	337	1,706,174	649,065	94,585	554,481
Taiwan.....	40	(138,151)	35,533	-	35,533
Thailand.....	8	0	19	-	19
United Arab Emirates..	4	5,147	1,441	-	1,441
United Kingdom.....	276	4,531,762	1,336,250	22,814	1,313,436
Venezuela.....	41	2,072,932	671,114	489,316	181,798
Virgin Is (British)...	8	3,141	882	-	882
Other countries.....	366	4,336,362	1,534,167	89,766	1,444,401

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U.S. Partnership Income of Foreign Partners, 1989

TABLE 3: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989

Recipient Type: Corporation

COUNTRY	NUMBER OF FORMS 8805 FILED [1]	GROSS INCOME (OR LOSS) [2]	TAX WITHHELD [3]	SECTION 1445 CREDIT TOTAL [4]	SECTION 1446 CREDIT TOTAL [5]
All countries.....	1,852	131,255,393	48,231,734	802,271	47,429,464
Australia.....	15	2,455,061	837,989	-	837,989
Bahamas, The.....	21	249,234	103,360	-	103,360
Belgium.....	11	1,679,438	573,607	-	573,607
Bermuda.....	14	981,359	375,656	-	375,656
Canada.....	408	12,469,850	5,450,179	41	5,450,138
Cayman Islands.....	20	428,138	146,363	-	146,363
Colombia.....	6	18,754	6,936	-	6,936
Costa Rica.....	5	64,465	21,918	-	21,918
Ireland.....	10	-	-	-	-
Finland.....	6	-	-	-	-
France.....	34	6,371,354	2,264,583	-	2,264,583
Germany, Fed Rep-West	239	3,517,110	1,862,820	-	1,862,820
Hong Kong.....	10	1,882,662	547,571	-	547,571
Italy.....	3	123,276	42,168	-	42,168
Japan.....	249	30,134,139	10,709,386	-	10,709,386
Jersey.....	3	-	-	-	-
Liberia.....	6	117,964	41,433	-	41,433
Liechtenstein.....	40	339,526	126,051	1,480	124,571
Luxembourg.....	3	6,101	9,946	-	9,946
Mexico.....	8	350,776	125,150	-	125,150
Netherlands.....	166	8,956,710	3,456,109	481	3,455,628
Netherlands Antilles	82	3,164,103	1,221,222	340,154	881,068
New Zealand.....	7	1,686,378	587,982	-	587,982
Niue.....	3	14,580	4,957	-	4,957
Norway.....	6	747,641	284,423	41,480	242,943
Panama.....	30	454,452	192,438	-	192,438

U.S. Partnership Income of Foreign Partners, 1989

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TABLE 3: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989 -- continued

Recipient Type: Corporation

COUNTRY	NUMBER OF FORMS 8805 FILED [1]	GROSS INCOME (OR LOSS) [2]	TAX WITHHELD [3]	SECTION 1445 CREDIT TOTAL [4]	SECTION 1446 CREDIT TOTAL [5]
Singapore.....	4	1,282,938	437,119	-	437,119
Sweden.....	7	8,968	16,684	-	16,684
Switzerland.....	183	5,556,882	2,295,176	-	2,295,176
United Kingdom.....	73	6,394,045	2,261,419	-	2,261,419
Virgin Is (British).....	12	13,865,838	3,998,332	-	3,998,332
Other countries.....	168	27,933,652	10,230,758	418,635	9,812,124

U.S. Partnership Income of Foreign Partners, 1989

TABLE 4: Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989

Recipient Type: Partnership

COUNTRY	NUMBER OF FORMS 8805 FILED [1]	GROSS INCOME (OR LOSS) [2]	TAX WITHHELD [3]	SECTION 1445 CREDIT TOTAL [4]	SECTION 1446 CREDIT TOTAL [5]
All countries.....	245	27,437,931	7,970,326	13,869	7,956,457
Canada.....	83	4,401,354	1,265,530	0	1,265,530
Germany, Fed Rep-West..	114	20,010,418	5,743,479	13,835	5,729,644
Japan.....	6	20,660	5,785	0	5,785
Liechtenstein.....	4	542	222	0	222
Netherlands.....	9	103,456	30,670	0	30,670
Philippines.....	5	15,366	4,301	0	4,301
Switzerland.....	7	17,643	5,146	34	5,112
Other countries.....	17	2,868,492	915,193	0	915,193

U.S. Partnership Income of Foreign Partners, 1989

TABLE 5: 1989 Foreign Partner Income and Tax Withheld as Reported on Form 8805, by Partner's Country of Residence, 1989

Recipient Type: Other

COUNTRY	NUMBER OF FORMS 8805 FILED [1]	GROSS INCOME (OR LOSS) [2]	TAX WITHHELD [3]	SECTION 1445 CREDIT TOTAL [4]	SECTION 1446 CREDIT TOTAL [5]
All countries.....	154	28,994,666	12,457,334	207,131	12,250,203
Australia.....	10	1,097,277	692,309	0	692,309
Canada.....	24	476,043	279,439	6,890	272,549
Comoros.....	3	83	179	0	179
Germany, Fed Rep-West	28	10,354,655	2,905,920	22,737	2,883,183
Jersey.....	5	12,280,254	3,438,471	0	3,438,471
Liechtenstein.....	8	27,874	12,331	0	12,331
Mexico.....	3	639	293	0	293
Saudi Arabia.....	3	53	30	0	30
Switzerland.....	14	1,267	1,120	0	1,120
Taiwan.....	3	804	631	193	438
United Kingdom.....	13	49,042	15,985	0	15,985
Virgin Is (British).....	9	-	-	0	0
Other countries.....	31	4,706,674	5,110,627	177,311	4,933,316

Section 13 Foreign Trusts

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Table 2.-- Forms 3520-A: Balance Sheet Items, by Selected Country Where the Trust was Created, p. 419.

Trusts are arrangements in which titles to property are held by persons with fiduciary responsibilities to conserve or protect the property for the benefit of other persons. Foreign trusts are those trusts which exhibit certain characteristics such as being created and governed under the laws of a foreign government and having property and records

maintained outside the United States. Foreign trusts which have U.S. persons as grantors, transferors, or beneficiaries are subject to U.S. tax laws. Information filed with the Internal Revenue Service under these laws was the basis of the data shown in this section of this compendium.

The article in this section includes a brief history of the foreign trust and information on foreign trust activity in 1986. This information was provided by the trusts on Forms 3520 and 3520-A. A copy of each form, titled below, has been reproduced in Section 15 of this compendium.

* Form 3520, Creation of, or Transfers to, Certain Foreign Trusts, and Instructions (p. 499)

* Form 3520-A, Annual Return of Foreign Trust with U.S. Beneficiaries, and Instructions (p. 501)

Foreign Trusts, 1986

By James R. Hobbs*

U.S. "persons" transferred nearly \$17 million in money and property to trusts located in 17 foreign countries in 1986 [1]. There were 255 transfers made during the year, which brings the average transfer value to \$66,000.

A total of 411 foreign trusts had one or more U.S. beneficiaries during 1986 and had received transfers from U.S. persons during their existence. These foreign trusts had more than \$94 million in total assets and received nearly \$8 million in total income. Their \$2.6 million of net income were included in the taxable income of their U.S. grantors or transferors.

BACKGROUND

Trusts are fiduciary arrangements created by persons (the "grantors") who transfer their ownership of property to other persons (the "trustees") subject to an obligation to protect and use that property for the benefit of other persons (the "beneficiaries"). The property (or "corpus") can be real or personal, tangible or intangible. The arrangement can be an "inter vivos trust" created by a living grantor, or a "testamentary trust" created as the result of the grantor's will.

The fiduciary relationship of a trust requires substantial management by the trustee, including a duty to act solely in the interest of the beneficiary. The powers, duties, restrictions, and obligations of the trustee, as well as the rights of the beneficiary, are based on the provisions of the trust agreement and the laws of the jurisdiction in which the trust was created. The beneficiary has the right to benefit from the trust's property, usually through receipt of the income produced from investments made by the trustee, or from the distribution of the trust's property itself. Factors a grantor might consider in selecting a jurisdiction in which to create a trust include the political and economic stability of a country, available banking and trust facilities, applicable trust laws, and tax laws.

For a trust to exist, there must be a separation of its ownership interests by the trustee from its beneficial interests. As a result, one person cannot be the grantor, trustee, and sole beneficiary of a trust all at the same time. However, if this person is not a beneficiary or is only one of two or more beneficiaries, then there is a separation of interests between two parties and a valid trust arrangement exists.

(Trusts can have multiple grantors, trustees, and beneficiaries [2].) Similarly, a trust can exist if one of several joint trustees is also the sole beneficiary. Here again, there are at least two parties with separate interests.

The creation of a trust may result in U.S. income taxation of the grantor, the transferor, the trust, and the beneficiary. Domestic trusts are taxed as U.S. citizens or residents, whereas foreign trusts are taxed as nonresidents. The next section discusses foreign trusts in greater detail.

FOREIGN TRUSTS

Trusts are generally considered to be "foreign" if the fiduciary is a nonresident alien for U.S. tax purposes; if the property is transferred to the fiduciary, the property and records are maintained, and the trust instrument is executed outside the United States; and if the trust is created and governed under the laws of a foreign country. Foreign trusts that have U.S. persons as grantors, transferors, or beneficiaries are also subject to U.S. income taxation.

Section 1491 of the Internal Revenue Code imposes a 35 percent excise tax on certain transfers of property by a U.S. person to a foreign trust. The tax applies to transfers, including sales and exchanges, of appreciated property in which gain, under the tax code, is not realized by the transferor at the time of the transfer. To the extent that the U.S. person realizes a gain for income tax purposes at the time of the transfer (based on the excess of the "fair market value" of the property over its "adjusted basis"), the transfer is not subject to the excise tax.

When a U.S. person (grantor or transferor) directly or indirectly transfers property to a foreign trust with one or more U.S. beneficiaries, "grantor trust rules" apply. Under these rules, the person is treated for U.S. income tax purposes as the owner of the portion of the trust attributable to the transferred property. Furthermore, the person is currently taxed on all items of worldwide income (including capital gains) of the trust, whether distributed or accumulated, that are attributable to that property [3]. Section 679 of the Internal Revenue Code covers these grantor trust rules. That section, however, excludes: (1) testamentary trusts; (2) property transferred to a trust in a sale or exchange when the transferor realizes the gain for tax purposes; and (3) certain stock bonus, pension, or profit-sharing trusts.

The Foreign Investment in Real Property Tax Act of 1980 and the Tax Reform Act of 1984 combined to make foreign

*Chief, Foreign Returns Analysis Section. Prepared under the direction of Daniel Skelly, Chief, Foreign Statistics Branch.

persons (including foreign trusts) who sell or exchange U.S. real property liable for a U.S. income tax on the gain realized from the disposition. In general, after December 31, 1984, a transferee of such property is required to deduct from the seller's proceeds, and to withhold for tax purposes, 10 percent of the amount realized on the sale or exchange. This withholding tax may not necessarily equal the actual tax liability of the foreign person on the disposition of the property.

A U.S. beneficiary of a foreign trust is liable for U.S. tax on his or her share of the trust's distributions, subject to a ceiling called "distributable net income" (DNI). The beneficiary includes the distributions received in his or her gross income for the current taxable year. The DNI of a foreign trust is an amount calculated similarly to the way taxable (net) income is calculated, but with certain adjustments. Among these adjustments is the provision to include foreign source income [4].

A foreign trust that does not actually distribute to its beneficiaries all its DNI in a taxable year has "undistributed net income." If, in a subsequent year, a non-grantor foreign trust distributes to its U.S. beneficiaries amounts in excess of the DNI for that year, then the excess amount is treated as an "accumulation distribution" and is taxed to those beneficiaries under "throwback" rules, described in the next paragraph. In addition, interest is charged on the tax deferral resulting from the accumulation of income.

The throwback rules are designed to tax beneficiaries on accumulation distributions at a rate equal to the rate that would have been paid had the income been distributed in the year it was earned by the trust. Beneficiaries are taxed on accumulation distributions in the year they are received. The beneficiaries' tax liability for the prior taxable year(s) in which the trust had undistributed net income is not changed.

A 6-percent simple interest charge per year is imposed on the beneficiary's tax on accumulated distributions from foreign trusts computed under the throwback rules. (This interest charge is not tax deductible.) For purposes of this interest charge, the accumulated distributions do not include foreign trust income for which a grantor had paid U.S. tax on that income. The interest charge is based on the length of time the tax has been deferred because of the trust's accumulation of income. In effect, the interest charge increases the effective income tax rate placed on accumulated distributions of foreign trusts. The total tax and interest charge is limited by the amount of the actual accumulation distribution [5].

FILING CHARACTERISTICS OF FORMS 3520

Form 3520, Creation of or Transfers to Certain Foreign Trusts, is required to be filed by any U.S. grantor, transferor,

or fiduciary who created a foreign trust or transferred money or property into an existing foreign trust [6]. This form requires information about the trust and its beneficiaries. It is due within 90 days after the creation of, or transfer of any money or property to, the foreign trust.

During 1986, as already mentioned, U.S. persons transferred \$16.9 million in money and property to 255 foreign trusts, for an average transfer value per trust of \$66,000. By comparison, in 1982 (the most recent prior year for which data are available), the value of transfers was \$11.3 million, and the number of trusts receiving transfers was 342 [7]. As a result, the average transfer value doubled from \$33,000 during the 4-year period.

Most U.S. persons filing Forms 3520 have been grantors. In both 1982 and 1986, grantors accounted for about three-fourths of all filers. Transferors made up most of the remaining filers, with fiduciaries accounting for a very small percentage. Figure A shows the types of filers by percentage.

Figure A.—Forms 3520: Types of Filers, by Percentage, 1982 and 1986

Types of filers	1982	1986
All filers	100%	100%
Grantors	78	72
Transferors	19	27
Fiduciaries	2	1

NOTE: Detail may not add to totals because of rounding.

Figure B shows the six countries where nearly 90 percent of the foreign trusts were located for 1986. These trusts, in turn, accounted for 60 percent of the total amount of transfers. A small number of trusts created in the Bahamas (not shown separately) accounted for most of the transfers for the "other countries."

Figure B.—Forms 3520: Number of Trusts, Total and Average Transfer Values, by Country Where the Trust was Created, 1986

(Money amounts are in thousands of U.S. dollars)

Country	Number of trusts	Total transfer value	Average transfer value per trust
	(1)	(2)	(3)
All countries	255	\$16,892	\$ 66
Canada	127	1,396	11
Cayman Islands	43	2,885	67
Channel Islands	23	3,195	139
Switzerland	13	445	34
Bermuda	12	1,733	144
Liechtenstein	9	506	56
Other countries	28	6,732	240

With the exception of Canada, all the countries listed in Figure B, plus the Bahamas, British Virgin Islands, Gibraltar, and Hong Kong which are included in "other countries," are considered to be "tax haven countries" (described in the next paragraph) [8]. Together these tax havens accounted

for nearly \$15 million, or 89 percent, of the total transfers to foreign trusts by U.S. persons.

Tax haven countries generally have tax and secrecy laws favorable to foreign persons. They attract foreign investment by having no income tax or by offering low income tax rates. Some collect certain fees instead of income taxes. Tax havens also offer bank or commercial secrecy laws that prevent foreign governments from obtaining financial information about persons transacting business in their country.

Cash (\$12.9 million) and corporate stocks (\$1.2 million) made up nearly 84 percent of the total transfers to foreign trusts. Other types of transferred property reported on Forms 3520 included municipal bonds and partnership interests.

"Registered Retirement Savings Plans" received \$1.2 million of transfers by U.S. persons to foreign trusts. These 123 Canadian retirement plans were treated for Canadian income tax purposes in a manner similar to the "Individual Retirement Arrangements" used by U.S. taxpayers to defer taxation on current income set aside for retirement purposes. Although the Registered Retirement Savings Plans accounted for nearly half of the total foreign trusts, they had a low average transfer value (\$9,600). There were two fundamental reasons for this low average. First, these savings plans were generally set up by individuals who transferred funds for the purpose of deferring relatively small amounts of Canadian taxes. Secondly, Canada limited the amount of income on which tax could be deferred.

Most of the foreign trusts that received transfers from U.S. persons in 1986 were created recently. In fact, 230 of them had been created since 1980. Fifty-five were created in 1986 and 103 others in 1985. However, a few foreign trusts were created as far back as the early 1960's.

More than half (145) of the 255 foreign trusts reported on Forms 3520 that they had only one beneficiary; 73 other trusts had between two and four beneficiaries each. The remaining trusts either had five or more beneficiaries (18) or failed to report any information on their beneficiaries (19).

A total of 488 beneficiaries (who were the ultimate recipients of the trust funds) was reported on the Forms 3520, of which 254 were U.S. residents. Persons who resided in Canada (122) and the United Kingdom (45) also were frequent beneficiaries of trusts. Also reported were beneficiaries who resided in France, Israel, New Zealand, West Germany, and the Philippines.

FILING CHARACTERISTICS OF FORMS 3520-A

Any U.S. person who directly or indirectly transferred property to a foreign trust (other than an employee's trust or

an annuity plan) with one or more U.S. beneficiaries, was considered for U.S. tax purposes to be the owner of the part of the trust that was attributable to the transferred property. Once the transfer had been made, the person was thereafter required to file Form 3520-A, Annual Return of Foreign Trust with U.S. Beneficiaries, for as long as the trust had at least one U.S. beneficiary [9]. This return, which was required to be filed within 3 and one-half months after the end of the tax year of the grantor or transferor, contained balance sheet and profit-and-loss information for the trust.

Figure C shows income statement and end-of-year balance sheet data for the 411 foreign trusts reported on Forms 3520-A. (Tables 1 and 2, at the end of the article, show these data by selected countries in which the trusts were created.) Their total assets of \$94.5 million were more than double the \$45.2 million of assets reported for 393 foreign trusts for 1982. Average total assets per trust doubled, from \$115,000 for 1982 to \$230,000 for 1986.

Figure C.—Forms 3520-A: Income Statement and Balance Sheet Items, 1986

(Money amounts are in thousands of U.S. dollars)

Item	Number or amount
Number of returns	411
Total income	\$7,872
Dividends	1,526
Interest	3,195
Net gain (less loss), sales of capital assets	2,491
Other income (less loss)	661
Total expenses	5,264
Net income (less deficit)	2,608
Net income	4,273
Total assets	94,456
Cash	13,273
Government obligations	5,502
Non-government obligations	15,366
Corporate stock	27,334
Other investments	12,543
Depreciable assets (net)	13,471
Other assets	6,967
Total liabilities	37,339
Net worth	57,117

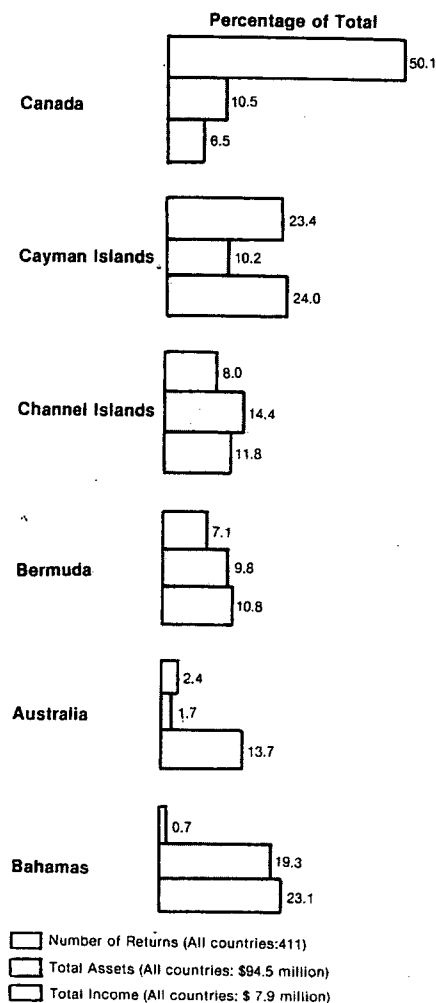
NOTE: Detail may not add to totals because of rounding.

The income statement data shown in Figure C generally represent the share attributable to the U.S. grantor or transferor of the foreign trust (see the Data Sources and Limitations section of this article). The allocable amount was based on the portion of the trust's assets attributable to property transferred by the U.S. person [10].

Most of the income allocable to U.S. grantors and transferors from foreign trusts was investment-related, including interest, dividends, and capital gains. After deducting expenses, net income (less deficit) of \$2.6 million was reported for all the trusts — an average of \$6,300 of net income per trust. These amounts of net income (and losses) were included in the taxable income of the U.S. grantors and transferors [11].

Figure D presents selected data items for trusts by selected foreign countries in which the trusts were created.

Figure D
Forms 3520-A: Selected Foreign
Trust Items, by Country Where
Trust was Created, 1986



Only those countries that had trusts accounting for 10 percent or more of the total for all trusts for at least one of the three items shown are included in this figure.

As was the case with Forms 3520, Canadian trusts accounted for half of all Forms 3520-A filed annually. These trusts had relatively small amounts of assets and income, in addition to their low transfer values previously discussed. Of the 206 Canadian trusts, 175 were Registered Retirement Savings Plans.

Trusts in tax haven countries accounted for most of the assets and income reported for all the trusts. In fact, trusts in these countries had 82 percent of the total assets and 84 percent of the total income reported for all the foreign trusts in 1986, while accounting for only 45 percent of the Forms 3520-A filed that year. In addition to the four tax haven countries shown in Figure D, trusts created in the following tax havens are also included in the totals for 1986: British Virgin Islands, Gibraltar, Liechtenstein, Netherlands Antilles, and Switzerland.

There were 15 large trusts in 1986, each having a net worth of \$1 million or more. (Net worth is the difference between total assets and total liabilities.) However, these few trusts accounted for 39 percent of the assets and 33 percent of the total income for all foreign trusts (see Figure E). All but one of these large trusts were created in the tax haven countries.

Figure E.—Forms 3520-A: Income Statement and Balance Sheet Items, for All Foreign Trusts and Trusts with Net Worth of \$1 Million or More, 1986

(Money amounts are in thousands of U.S. dollars)

Item	All trusts	Trusts with net worth of \$1 million or more	Percentage of total
	(1)	(2)	(3)
Number of returns	411	15	3.6%
Total income	\$ 7,872	\$ 2,606	33.1
Dividends	1,526	304	19.9
Interest	3,195	608	19.0
Net gain (less loss), sales of capital assets	2,491	1,694	68.0
Other income (less loss)	661	—	—
Total expenses	5,264	1,338	25.4
Net income (less deficit)	2,608	1,268	48.6
Net income	4,273	2,247	52.6
Total assets	94,456	36,783	38.9
Cash	13,273	4,712	35.5
Government obligations	5,502	2,472	44.9
Non-government obligations	15,366	1,518	9.9
Corporate stock	27,334	17,848	65.3
Other investments	12,543	4,919	39.2
Depreciable assets (net)	13,471	4,770	35.4
Other assets	6,967	524	7.5
Total liabilities	37,339	2,160	5.8
Net worth	57,117	34,603	60.6

NOTE: Detail may not add to totals because of rounding.

Although 62 percent of the foreign trusts that filed annual returns for 1986 had been created since 1980, this was substantially less than the 90 percent (230 out of 255) figure

for those filing Forms 3520. The different filing requirements for the forms account for this difference. Forms 3520 were required to be filed within 90 days after a transfer to a foreign trust. Forms 3520-A were required to be filed annually after a transfer to a foreign trust, as long as the trust continued to have at least one U.S. beneficiary. Thus, these forms were often filed for many years. In fact, the 1986 study contained several Forms 3520-A for trusts created in the mid-1950's.

For 1986, grantors filed more than 90 percent of all Forms 3520-A, compared with 72 percent for Forms 3520 (see Figure A, presented earlier). Transferors made up the rest of the filers of the annual returns.

Most (246) of the foreign trusts reported on the annual returns for 1986 as having only one U.S. beneficiary. Another 110 trusts had between two and four U.S. beneficiaries each. The remaining trusts either had five or more U.S. beneficiaries (30) or failed to report any information on their beneficiaries (25). For the 386 foreign trusts which reported beneficiary information, there was a total of 753 U.S. beneficiaries.

SUMMARY

Tax haven countries played a large role in foreign trust activity for 1986. Trusts in these countries accounted for nearly \$15 million, or 89 percent, of the transfers by U.S. persons to all foreign trusts. Similarly, annual returns for trusts in these countries accounted for the majority of assets (82 percent) and total income (84 percent) reported for all the foreign trusts.

Canadian trusts, primarily Registered Retirement Savings Plans, made up approximately half of the total foreign trusts for which returns were filed for 1986. However, their aggregate financial values were comparatively small. They accounted for only 8 percent of the value of transfers, and on the annual returns, for only 10 and 7 percent of total assets and income, respectively, for all the foreign trusts.

DATA SOURCES AND LIMITATIONS

The statistics for 1986 presented in this article were based on all Forms 3520 and 3520-A filed at the Internal Revenue Service's Philadelphia Service Center between January 1 and December 31, 1986. Because all these returns were used for the statistics, the data are not subject to sampling error.

In the case of multiple transfers by the same U.S. person to the same foreign trust, a single Form 3520 could have been used to combine all the transfers made during a 90-day period. The form would have to include separate

information on each of the transfers. Subsequent transfers were reported on separate Forms 3520, subject to the same 90-day rule.

Because Forms 3520 and 3520-A are information returns, taxpayer reporting is occasionally incomplete. This problem occurred most frequently with Part I, Foreign Trust Income Statement, of Form 3520-A, which shows the income and expense items of the trust and the amount of each apportioned to the U.S. grantor or transferor. In most cases the grantor or transferor portion was used for these statistics. When only the income and expense information for the entire trust was reported, however, the full amounts were used for the statistics.

Because the filing requirements of Forms 3520 and 3520-A were somewhat different, an exact match of forms in the 1986 studies could not be expected. For instance, the filing requirements for Forms 3520-A included the condition of one or more U.S. beneficiaries, while Forms 3520 had no such requirement. On the other hand, Forms 3520 were required to be filed only when a transfer had been recently made, while part of the filing requirements for Forms 3520-A specified the occurrence of a transfer at any time since the trust had been created [12]. As a result of these filing requirement differences, only 76 of the 411 Forms 3520-A indicated that Forms 3520 were also filed for the given trust in 1986.

EXPLANATION OF SELECTED TERMS

Beneficiary. — For purposes of this article, a person who receives, will receive, or may receive money or property at any time from a foreign trust. This is the person for whose benefit a trust was created.

Fiduciary. — Any person who is a trustee, or a character similar to a trustee, and has the duty to act in good faith for the benefit of another person.

Grantor. — Any U.S. person who created, or was treated for tax purposes as the owner of, any portion of a foreign trust.

Transferor. — Any U.S. person other than the grantor or fiduciary who directly or indirectly transfers money or property to, or for the benefit of, a foreign trust. The term does not refer to a person who transfers money or property in accordance with a sale or exchange that was made for full compensation.

NOTES AND REFERENCES

- [1] The term "U.S. person" includes individuals, corporations, partnerships, trusts, and estates. Individuals include U.S. citizens and residents.

[2] Except where otherwise specifically noted, this article uses the singular form of grantor, trustee, or beneficiary. However, for any given trust, any of these may actually be multiple entities.

[3] A nonresident alien, i.e., a non-U.S. person, who establishes a foreign trust with a U.S. beneficiary and retains grantor trust powers, is subject to U.S. income tax only on U.S. source, fixed or determinable income (e.g., interest, dividends, rents, and royalties) and income "effectively connected" with the conduct of a U.S. trade or business.

[4] Section 643 of the Internal Revenue Code specifies the computation of distributable net income.

[5] The Tax Reform Act of 1986 contained several provisions specifically affecting U.S. income taxation of trusts and their related parties. First, in general, tax rates on U.S. taxable income of trusts, grantors and beneficiaries were reduced. Second, trusts were required to make estimated tax payments much as individuals were. The last major provision of the Act related to trusts was that they adopt the calendar year as their taxable year. In general, these provisions were effective for taxable years beginning in 1987.

[6] Section 16.3-1(d)(4) of the Internal Revenue Regulations exempts from these filing requirements payments to foreign trusts for employees.

[7] Foreign trust studies are currently conducted once every 4 years, i.e., 1982, 1986, 1990, etc.

[8] For a complete list of tax haven countries, see Senate Report 99-130, *Crime and Secrecy: The Use of Offshore Banks and Companies*, Report by the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, U.S. Senate, August 28, 1985.

[9] The following types of transfers do not require the filing of a Form 3520-A: (1) transfers made as the result of the death of the transferor; (2) transfers made on or before May 21, 1974; and (3) any sale or exchange of property at fair market value in which the entire gain to the transferor is realized at the time of the sale, or is returned under the Internal Revenue Code section 453 installment method.

[10] The balance sheet information shown in Table 2 represents the total amounts for foreign trusts. Unlike the income statement data, the amounts do not represent only the share attributable to U.S. grantors and transferors.

[11] See the income reported from "estates and trusts" in *Statistics of Income - Individual Income Tax Returns*, Internal Revenue Service, U.S. Department of the Treasury.

[12] Forms 3520-A were filed by U.S. persons who directly or indirectly transferred property to foreign trusts with one or more U.S. beneficiaries. In the case of two transferors or grantors who did not file joint U.S. income tax returns but did transfer property to the same trust, two Forms 3520-A would have been filed for that trust. To this extent, the 411 Forms 3520-A shown in the data would not actually represent 411 different foreign trusts.

Table 1.—Forms 3520-A: Income Statement Items, by Selected Country Where the Trust was Created
(Money amounts are in thousands of U.S. dollars)

Country where trust was created	Number of returns	Income					Total expenses	Net income (less deficit)
		Total	Dividends	Interest	Net gain (less loss), sales of capital assets	Other income (less loss)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All countries.....	411	7,872	1,526	3,195	2,491	661	5,264	2,608
Canada.....	206	515	8	95	3	408	496	18
Cayman Islands.....	96	1,888	(¹)	222	1,689	-22	380	1,509
Channel Islands.....	33	930	6	909	17	-3	638	232
Bermuda.....	29	846	117	169	520	41	42	805
Australia.....	10	1,078	1,027	46	7	-2	959	119
British Virgin Islands.....	8	(¹)	-	(¹)	-	-	407	-407
Liechtenstein.....	7	216	-	208	8	-	29	187
Gibraltar.....	5	517	330	187	-	-	67	450
Bahamas.....	3	1,821	-	1,335	247	240	1,245	576
Switzerland.....	3	16	3	13	-	(¹)	13	3
United Kingdom.....	3	35	35	1	-	-	982	-946

¹ Less than \$500.

NOTE: Detail may not add to totals because of rounding. Data for certain countries are not shown to avoid disclosure of information about specific trusts. The data shown in this table generally represent the pure attributable to the U.S. grantors or transferors of the foreign trusts. (See the Data Sources and Limitations section of this article.)

Table 2.—Forms 3520-A: Balance Sheet Items, by Selected Country Where the Trust was Created
(Money amounts are in thousands of U.S. dollars)

Country where trust was created	Number of returns	Assets								Total liabilities	Net worth
		Total	Cash	Government obligations	Non-government obligations	Corporate stock	Other investments	Depreciable assets (net)	Other assets		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
All countries.....	411	94,456	13,273	5,502	15,366	27,334	12,543	13,471	6,967	37,339	57,117
Canada.....	206	9,900	1,191	-	109	51	136	8,006	407	8,439	1,461
Cayman Islands.....	96	9,875	1,490	4	-	5,451	1,711	223	797	3,358	6,317
Channel Islands.....	33	13,580	3,718	1,343	-	1,373	2,885	453	3,808	4,265	9,315
Bermuda.....	29	9,239	1,134	1,862	-	1,864	4,269	-	110	403	8,837
Australia.....	10	1,585	254	-	-	271	275	19	766	766	819
British Virgin Islands.....	8	5,846	83	-	-	5,430	125	-	208	5,046	799
Liechtenstein.....	7	3,630	1,257	-	1,518	-	200	-	655	327	3,303
Gibraltar.....	5	3,687	2,425	1,261	-	1	-	-	-	-	3,687
Bahamas.....	3	18,239	1,642	1,000	13,682	-	1,705	-	209	14,584	3,655
Switzerland.....	3	926	2	-	56	-	866	-	2	52	874
United Kingdom.....	3	5,124	20	33	-	-	299	4,770	2	2	5,122

NOTE: Detail may not add to totals because of rounding. Data for certain countries are not shown to avoid disclosure of information about specific trusts.

Section 14 Nonresident Alien Estates

Contents

Introduction, p. 421.

"Nonresident Alien Estates, 1986," p. 423.

Table 1.-- Nonresident Alien Estates, Date of Death, 1986: Gross U.S. and World Estates, Deductions, Taxable Estate, Estate Tax and Credits, by Size of Gross U.S. Estate and Selected Country of Domicile of Decedent, p. 430.

The estates of nonresident aliens, who have property in the United States at the time of death, are subject to U.S. estate taxation. A nonresident alien decedent is an individual who was neither a citizen nor resident of the United States at the time of death. The tax imposed on the estate was a graduated tax, with rates ranging from 6 percent for property valued under

\$100,000 to 30 percent for property valued in excess of \$2,000,000. The estate could reduce its final estate tax liability through certain deductions and credits.

The paper included in this section describes some of the characteristics of the nonresident alien estates and some of the differences between those estates and the estates of U.S. citizens and aliens domiciled in the United States at time of death. The paper also details some of the available deductions and credits for the estates of nonresident aliens.

All of the data are based on information from Forms 706NA, filed for nonresident aliens with dates of death in 1986. A copy of this form, titled below, has been reproduced in Section 15 of this compendium.

* Form 706NA, United States Estate Tax Return, and Instructions (p. 433)

Nonresident Alien Estates, 1986

By DeWitt Long

The United States imposes an estate tax based on the portion of the estate of a nonresident alien that is located within the United States. Total gross U.S. estate of \$62.0 million and total U.S. estate tax after credits of \$6.5 million was reported for the estates of nonresident aliens who died during 1986.

TAXATION OF THE ESTATES OF NONRESIDENT ALIENS

The United States imposes an estate tax on the estates of nonresident aliens. A nonresident alien is an individual who is not a citizen or resident of the United States at the time of the individual's death. For estate tax purposes, residency is equated with domicile, i.e., the individual's permanent home [1]. For a place to qualify as a decedent's domicile, the decedent prior to death must have been physically present there. Further, the decedent must have had no present intent to move from the place. The determination of a decedent's domicile involves an examination of the totality of the decedent's lifestyle to see whether it was centered in the United States or some other place. Among the factors considered are the location of the decedent's family, friends, and religious and social affiliations; the size, cost and location of the decedent's personal residence; the location and the type of business the decedent was engaged in; and the duration and purpose of any time that the decedent spent in the United States [2]. In addition to these factors, the decedent's immigration status is usually considered, although this factor alone is not determinative [3]. Also, the provisions of an applicable estate tax treaty with another country may affect the determination of estate tax residency [4].

In general, the estate of a nonresident alien decedent is taxed on that portion of the alien's gross estate located in the United States [5]. Gross U.S. estate is that part of the nonresident alien's gross estate (determined under Code section 2031) that is located in the United States at the time of the nonresident alien's death, and generally includes all the nonresident alien's property [6]. The location of property is determined under several general and specific situs rules. Both real property and tangible

personal property are sited to the physical location of the property. For example, real estate located in the United States owned by the nonresident alien is included in the decedent's gross U.S. estate, but real estate located outside the United States is not. Intangible property, such as a patent or a copyright, is sited to the location of the person who issues the intangible or against whom the rights to the intangible can be enforced [7]. An interest in a trust or estate is generally sited to the location of the underlying assets [8].

In addition to the general situs rules, the Internal Revenue Code contains special rules for determining the location of particular types of property. Under Code section 2104, property within the United States includes stock issued by a U.S. corporation [9]. Also, U.S. property includes any property that was transferred by the decedent in a way that would require inclusion of the property in the decedent's gross estate under the provisions of Code sections 2035, 2036, 2037 and 2038, provided that the property was located in the United States at either the time of transfer or the time of the decedent's death [10]. In addition, property within the United States includes the debt obligations of a U.S. person or governmental entity, and deposits in a U.S. branch of a foreign commercial bank [11,12].

Code section 2105 enumerates certain types of property owned by a nonresident alien decedent considered to be located outside the United States. Property located outside the United States includes proceeds payable under an insurance policy on the life of the decedent, certain types of debt obligations, and works of art on loan for exhibition to a public gallery or museum at the time of the decedent's death [13,14].

The U.S. estate tax is imposed on the decedent's taxable estate. Taxable estate is determined by reducing the nonresident alien's gross U.S. estate by any allowable deductions [15]. Several types of deductions are allowed to the estates of nonresident aliens. The estate may deduct the same expenses allowed estates of U.S. citizens and residents under Code sections 2053 and 2054.

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

Deductible expenses allowed under Code section 2053 include funeral expenses, administration expenses, claims against the estate, and indebtedness on property (where the total value of the property is included in gross estate). To be deductible, these expenses must be allowed to the estate under the law of the jurisdiction where the estate is administered [16]. Under Code section 2054, the estate can deduct losses incurred during the settlement of the estate from casualty or theft. In computing the allowable deduction for expenses under Code sections 2053 and 2054, the estate must limit the deduction to the ratio that gross U.S. estate bears to gross worldwide estate [17].

In addition to the deduction for expenses under Code sections 2053 and 2054, the estate of a nonresident alien was allowed a deduction for charitable transfers under Code section 2106(a)(2). The estate can deduct contributions made to public entities or to qualifying U.S. organizations, that meet the tax-exempt requirements of Code section 501(c)(3). Also, in certain cases, a nonresident alien's estate was allowed a deduction for certain transfers of property to the alien's spouse [18].

Figure A.—U.S. Estate Tax Schedule for Nonresident Aliens, 1986

Amount on which tax is computed	Amount of tax
\$100,000 or less	6 percent of amount
Over \$100,000 to \$500,000	\$6,000 plus 12 percent of excess over \$100,000
Over \$500,000 to \$1,000,000	\$54,000 plus 18 percent of excess over \$500,000
Over \$1,000,000 to \$2,000,000	\$144,000 plus 24 percent of excess over \$1,000,000
Over \$2,000,000	\$384,000 plus 30 percent of excess over \$2,000,000

While the estate tax is imposed on the decedent's taxable estate, the amount of the estate tax is determined by calculating the amount of tax on the sum of the decedent's taxable estate and "adjusted taxable gifts" minus the amount of estate tax on adjusted taxable gifts [19]. The tax rates, which appear in Figure A, are progressive, ranging from 6 percent on amounts less than \$100,000 to 30 percent on amounts in excess of \$2 million.

The estate of a nonresident alien could reduce its estate tax by claiming several credits. First, the estate could claim a "unified credit" of up to \$3,600. This credit served to effectively exempt estates from the U.S. estate tax if the taxable estate was less than \$60,000 [20]. Also, the nonresident alien's estate could claim those credits allowed the estates of U.S. citizens and residents under Code sections 2011, 2012, and 2013. Code section 2011 allows a limited credit for State death taxes paid. State death taxes include any estate, inheritance, legacy, or succession tax paid to any State or the District of Columbia on property that was included in gross U.S. estate [21]. Code section 2012 allows a limited credit for taxes paid on gifts when the value of the gifts must be included in gross

U.S. estate [22]. Code section 2013 allows a limited credit for taxes on prior transfers, that is, for the Federal estate tax paid on the transfer of property to the decedent by another person who died within 10 years before or 2 years after the decedent.

ESTATE TAXATION OF U.S. CITIZENS AND RESIDENTS AND NONRESIDENT ALIENS

Several major differences exist between the taxation of the estates of nonresident aliens and the estates of citizens and residents of the United States. First, the estate of a U.S. citizen or resident is taxed on its worldwide property, whereas the estate of a nonresident alien is taxed, in general, only on that property located within the United States at the time of death [23].

A second major difference relates to the rate of tax imposed on the estate. The estate of a U.S. citizen or resident is taxed under the rates contained in Code section 2001(c). These rates range from 18 percent for taxable estates of less than \$10,000 to 55 percent for taxable estates over \$3 million. However, the estates of nonresident aliens who died in 1986 are subject to significantly lower estate tax rates under Code section 2101(d) [24].

Two significant differences exist with respect to deductions. The estate of a U.S. citizen or resident is entitled to a marital deduction for all property transferred to the surviving spouse [25]. The estate of a nonresident alien, who died in 1986 is generally not entitled to a marital deduction, except as provided for in several estate tax treaties. Also, the estate of a U.S. citizen or resident can deduct virtually all charitable contributions, whereas the estate of a nonresident alien can only deduct certain contributions [26].

A final difference involves allowable credits. The estate of a U.S. citizen or resident is entitled to a unified credit of \$192,800. This credit effectively exempts from tax a taxable estate with less than \$600,000 of assets [27]. As previously mentioned, the estate of nonresident aliens who died in 1986 is entitled to a unified credit of \$3,600, which effectively exempts estates from estate taxation if the taxable estate is less than \$60,000. Also, the credits for State death taxes, gift taxes, and taxes on prior transfers allowed to the estates of nonresident aliens are subject to special limitations [28].

DATA ANALYSIS

Estate tax returns were filed for the estates of 161 nonresident alien decedents who died during 1986. Total gross U.S. estate of \$62,017,417 was reported for these

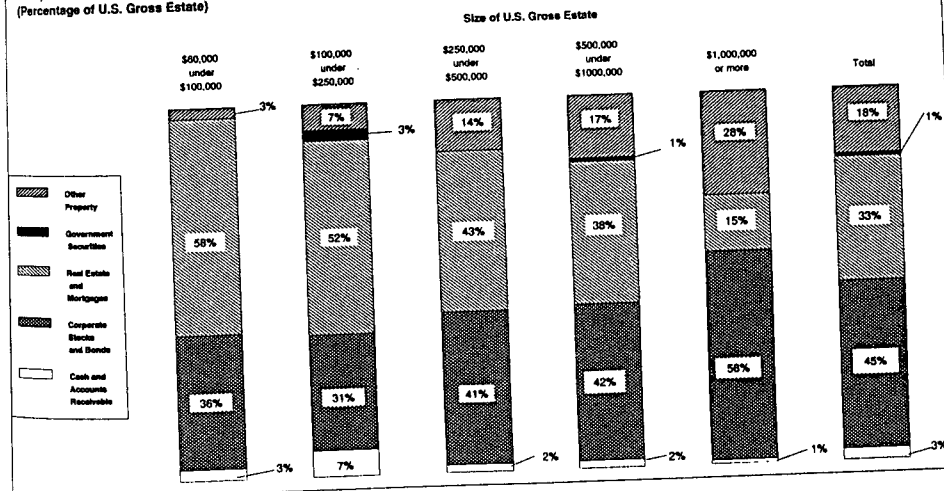
decedents. The average gross U.S. estate was \$385,201, an increase of 38.1 percent from 1982, the last previous year for which data are available.

Of the 161 returns filed, 89 returns showed the foreign component of gross estate, 55.3 percent of the total number of returns. Gross foreign estate had to be reported only if deductions attributable to gross worldwide estate were allocated to gross U.S. estate. These 89 returns showed total gross U.S. estate of \$41,390,447 and total gross worldwide estate of \$218,983,544. Total gross foreign estate was thus \$177,593,097, which was 76.0 percent greater than 1982 [29].

Stocks and bonds, and real estate and mortgages, constituted the largest categories of property in gross U.S. estate. Together these two categories comprised 78.2 percent of total U.S. property reported. The total value of corporate stocks and bonds reported for the estates of nonresident aliens was \$27,770,401. This amount was a 34.4 percent increase over 1982. Real estate and mortgages equaled \$20,709,960, up 4.1 percent from 1982. However, the greatest increase was for "other property," which was reported as \$11,418,566, nearly triple the amount reported for 1982 [30].

As indicated in Figure B, the relative composition of U.S. assets changed with the size of gross estate. In general, the larger the estate, the greater the proportion of stocks and bonds and other property, and the smaller the proportion of real estate and mortgages. With respect to the smallest estates (i.e., those with assets between \$60,000 and \$100,000), real estate constituted 58.2 percent of U.S. assets, stocks and bonds, 35.6 percent, and other property, 3.0 percent. For the largest estates (i.e., those with assets of \$1 million or more), real estate was only 14.8 percent of U.S. property, whereas stocks and bonds constituted 55.7 percent, and other property, 28.1 percent. With respect to individual countries, the largest number of returns were filed for the estates of Canadian decedents. Estate tax returns were filed for the estates of 51 Canadian decedents. These returns comprised nearly one-third of the total number of returns filed. However, many of these returns were for relatively small estates. The average gross U.S. estate for returns of Canadian decedents was only \$219,506. Furthermore, these returns accounted for only 18.1 percent of the total U.S. property reported for nonresident alien estates. United Kingdom (U.K.) decedents also had relatively small estates. Although 7.5 percent of the returns were filed for the estates of U.K. decedents, the average estate size was only \$180,647. U.K. returns accounted for only 3.5 percent of the total U.S. property. On the other hand, the estates of West German and Venezuelan decedents

Figure B. Composition of U.S. Gross Estates by Size of Estates (Percentage of U.S. Gross Estate)



were substantially larger than average. About 6.8 percent of the returns were filed for the estates of West German decedents. These estates had an average size of \$659,718 and accounted for nearly 11.7 percent of total U.S. property. In addition, although only 5.0 percent of the returns were filed for the estates of Venezuelan decedents, these estates had an average size of \$1,740,669 and accounted for 22.5 percent of total U.S. property. However, if the returns filed for the few wealthiest decedents are excluded, the average estate size of Venezuelan decedents was substantially lower.

Expenses of \$21,071,425 were reported for the estates of nonresident aliens. This amount was about \$4 million less than 1982. Of this total, \$6,119,675 were deducted from gross U.S. estate [31]. The combined amount for charitable and marital deductions was \$1,889,995, an increase of 746.8 percent from 1982. This increase appeared to be mainly due to the marital deduction. Ten returns showed marital deductions totalling \$1,858,528 [32].

Total taxable U.S. estate was \$53,933,747, an increase of 30.3 percent over 1982. The gross estate tax was \$8,054,638, so that the average tax rate was 14.9 percent. Credits of \$1,534,235 against the gross estate tax were claimed for the estates of nonresident aliens. The largest credit claimed was for State death taxes, \$849,956. This amount represented a 169.0 percent increase from 1982. The second largest credit was the unified credit, \$613,897, a decrease of 1.4 percent from 1982. After credits, the tax liability of the estates of nonresident aliens was \$6,520,403, an increase of 69.4 percent over 1982.

SUMMARY

The taxable estates of nonresident alien decedents are generally subject to U.S. estate tax on that property located within the United States. Taxable estate is determined by reducing gross estate by allowable deductions. The estate tax can be reduced by several credits.

Estate tax returns were filed for 161 nonresident alien decedents who died during 1986. Property located within the United States accounted for \$62,017,417 of the worldwide estate of these decedents. The largest categories of U.S. property were stocks and bonds, and real estate and mortgages, which accounted for 44.8 percent and 33.4 percent, respectively, of gross U.S. estate. Taxable estate totaled \$53,933,747, and the gross estate tax equaled \$8,054,638. After taking credits of \$1,534,235, the estates of nonresident aliens faced a U.S. estate tax of \$6,520,403.

DATA SOURCES AND LIMITATIONS

The data contained in this article and the following table were reported on all Forms 706NA, United States Estate Tax Return, Estate of nonresident not a citizen of the United States, filed at the Philadelphia Service Center between January 1986, and October 1988, by personal representatives of the decedents reporting a date of death during 1986. No sampling errors exist since the entire population was included in the study. However, the data contained here do not include information reported on returns with a taxable estate of less than \$60,000, returns showing assets exempt from U.S. estate taxation under the provisions of an applicable estate tax treaty, and returns that were erroneously filed.

The personal representative of the estate had 9 months following the decedent's death to file the return. A 6-month extension could be requested. However, possible delinquencies may have occurred. Therefore, the population may be slightly understated.

One potential data limitation should be mentioned. Seventy-three returns did not report any foreign assets. Therefore, the amounts shown in Table 1 for gross foreign estate and gross worldwide estate do not include the foreign assets for all nonresident alien estates.

DEFINITIONS OF SELECTED TERMS

Domicile - Domicile is the place where an individual's permanent home is located and from which the individual has no present intention of moving.

Gross estate - Gross estate includes all interests in property that were owned by the decedent at the time of death, that were subject to a power of acquisition at the time of the decedent's death, that were transferred during the decedent's lifetime in a manner substantially equivalent to a transfer under a will, or that were passed to the decedent tax-free through the use of the marital deduction. Gross worldwide estate includes all property included in gross estate no matter where it is located. However, the foreign component of gross worldwide estate had to be reported only if deductions had to be allocated between the foreign and U.S. estate. Gross U.S. estate includes only that portion of gross estate located within the United States.

Personal representative - A personal representative is an executor or administrator of an estate.

Taxable estate - Taxable estate is the value of the

decedent's interests in property net of allowable deductions.

NOTES AND REFERENCES

- [1] Treasury Regulation section 20.0-1(b). Residency for estate tax purposes differs from residency for income tax purposes. Under Internal Revenue Code section 7701(b), a resident for income tax purposes is an individual who meets the requirements of either the lawful permanent resident test or the substantial presence test. For additional information about residency requirements for income tax purposes, see, for example, Kaplan, Richard L., *Federal Taxation of International Transactions*, West Publishing Company, 1988, pp. 529-35.
- [2] For additional information about the factors considered in determining domicile, see, for example, Oliver, Harry Gordon, "Estate and Gift Tax Planning for Nonresidents," *International Tax Journal*, Fall 1986, p. 300; and Schuldenfrei, A. Finley, Stark, Elwood V. and Cline, Judith Hankins, "Estate Planning Considerations for Nonresident Aliens," *The Tax Adviser*, November 1985, p. 695.
- [3] Revenue Ruling 80-209, 1980-2 Cumulative Bulletin 248, U.S. Internal Revenue Service (1980).
- [4] See, for example, *Estate and Gift Tax Treaty Between the United Kingdom and the United States*, Article 4.
- [5] Special rules apply to the taxation of expatriates and residents of U.S. possessions. Under Code section 2107, an expatriate is a U.S. citizen who has lost citizenship within 10 years of death if a principal purpose for the loss of citizenship was the avoidance of U.S. tax. If a nonresident alien is an expatriate, then the alien's estate is taxed under the tax rates that apply to U.S. citizens and residents. Also, the estate of an expatriate must include in gross U.S. estate the value of the assets of a foreign corporation if the decedent owned (directly or indirectly) 10 percent or more of the voting stock of the corporation, or owned (directly, indirectly, or constructively) at least 50 percent of the total combined voting power of all stock of the corporation. For additional information about these special rules, see, for example, Schuldenfrei, Stark and Cline, op. cit. note 2 at p. 703. In addition, under Code section 2107(c), an expatriate is allowed a unified credit of up to \$13,000. Under Code section 2209, a U.S. citizen residing in a U.S. possession is considered to be a nonresident (and is taxed as such) if the individual acquired U.S. citizenship solely by reason of being a citizen of a U.S. possession, or by birth or residency within a U.S. possession. All other residents of U.S. possessions are treated as citizens of the United States.
- [6] Gross estate includes all property, real or personal, tangible or intangible, that was owned by the decedent at the time of death, that was subject to a power of acquisition at the time of the decedent's death, that was transferred during the decedent's lifetime in a manner substantially equivalent to a transfer under a will, or that was passed to the decedent tax-free through the use of the marital deduction.
- [7] Treasury Regulation section 20.2104-1(a).
- [8] Schuldenfrei, Stark and Cline, op. cit. note 2 at p. 700.
- [9] Conversely, the stock of a foreign corporation is generally considered to be property located outside the United States. However, in certain cases, U.S. property owned by a foreign corporation controlled by the nonresident alien may be included in the nonresident alien's gross U.S. estate. For more information about this inclusion of property in the nonresident alien's estate, see, for example, Oliver, op. cit. note 2 at p. 300.
- [10] Code sections 2035-2038 require the inclusion in gross estate of certain property transferred by the decedent with restrictions prior to death. Code section 2035 requires the inclusion in gross estate of property transferred by the decedent within 3 years of the decedent's death. Code section 2036 requires the inclusion in gross estate of transferred property in which the decedent has either retained the right to possess or enjoy the property, or the power to designate who shall possess or enjoy the property. Code section 2037 requires the inclusion in gross estate of property in which the decedent retained an express reversionary interest that another person can possess or enjoy only by surviving the decedent. Code section 2038 requires the inclusion in gross estate of property transferred by the decedent in which the decedent retained the power to alter, amend, revoke or terminate the transfer.
- [11] A U.S. person is a citizen or resident of the United States, a domestic corporation or partnership, and an estate or trust that is not considered under the Internal Revenue Code to be a foreign estate or trust.
- [12] Code section 2104 does not apply to a debt obligation if Code section 2105(b) (relating to certain debt obligations considered to be property located out-

side the United States) applies, or if any interest on the obligation would be treated as income from sources outside the United States under Code section 861(a)(1)(B) (relating to interest from a domestic corporation with less than 20 percent of its gross income over a 3 year period from within the United States), Code section 861(a)(1)(G) (relating to interest on certain foreign debt obligations acquired before July 1, 1974), and Code section 861(a)(1)(H) (relating to interest on certain debt obligations of foreign obligors that are guaranteed by a U.S. person).

[13] The debt obligations considered to be located outside the United States include (1) amounts described in Code section 861(c) (i.e., certain deposits with banks, and savings and loan associations, and amounts held by an insurance company under an agreement to pay interest on the amounts), if the interest on the amounts would be treated under Code section 861(a)(1)(A) as income from sources outside the United States (i.e., interest income not effectively connected with a trade or business within the United States that is deposited in a domestic bank or a U.S. branch of a foreign bank); (2) deposits in a foreign branch of a domestic bank; and (3) debt obligations, if the interest on the obligation were exempt from tax under Code section 871(h)(1) (relating to the exemption for portfolio interest from the tax imposed on the income of nonresident aliens not connected with a U.S. business).

[14] In addition to these general and specific situs rules, the location of property may be affected by the provisions of an estate tax treaty.

[15] Code section 2106.

[16] In addition, deductions are limited to the amount of property included in gross U.S. estate.

[17] For example, if gross U.S. estate equals \$1 million, gross worldwide estate equals \$2 million, and expenses under Code sections 2053 and 2054 equal \$500,000, then the allowable deduction under Code section 2106(a)(1) equals:

$$(\$1 \text{ million} / \$2 \text{ million}) \times \$500,000 = \$250,000$$

[18] A marital deduction may be allowed the estate of a nonresident alien under an applicable tax treaty. For example, Article 8 of the Estate and Gift Tax Treaty Between the United Kingdom and the United States allows a marital deduction (to the extent it is allowed to a U.S.-domiciled decedent) for transfers of U.S. property by a U.K.-domiciled decedent to the decedent's spouse.

[19] Adjusted taxable gifts is the total amount of taxable gifts made by the decedent after December 31, 1976, except for gifts otherwise included in the decedent's gross estate. Adjusted taxable gifts is included in the estate tax calculation in order to prevent taxpayers from avoiding the impact of the progressive estate tax rates by making pre-death gifts. [31] Expenses were reported on the 89 returns that reported gross foreign estate and by 13 returns which only reported U.S. assets. This latter group showed deductions of \$519,527.

[20] Code section 2102(c). Estate tax returns were not required if taxable estate was less than \$60,000. Therefore, these estates are not included in the statistics.

[21] Two limitations are imposed on the credit that the estate of a nonresident alien can take for State death taxes. Under Code section 2011(b), the credit is limited to a certain percentage of "adjusted taxable estate." In addition, under Code section 2102(b), the State death tax credit is limited to a percentage determined by dividing the value of property on which the State tax is imposed by the nonresident alien's gross U.S. estate.

[22] This credit applies only to gifts made before 1977 of property that was subject to gift taxation and which is included in the decedent's gross U.S. estate. With the unification of the estate and gift tax systems by the Tax Reform Act of 1976, the credit is no longer necessary.

[23] Code sections 2031, 2103.

[24] In 1988, Code section 2102 was amended so that the rates imposed on U.S. persons under Code section 2001 apply to the estates of nonresident aliens who died after November 10, 1988.

[25] Code section 2056. There are a number of limitations on the deduction where the interest passing to the surviving spouse is a terminable interest.

[26] Code sections 2055, 2106(a)(2).

[27] Code section 2010.

[28] Code section 2102.

[29] Gross foreign estate, as well as gross worldwide estate, may be underreported since only 89 returns reported an amount for foreign gross estate.

[30] As used in this article, "other property" includes all property other than cash and accounts receivable, corporate stocks and bonds, real estate and mortgages, and government securities.

[31] Expenses were reported on the 89 returns that reported gross foreign estate and by 13 returns which only reported U.S. assets. This latter group showed deductions of \$519,527.

[32] The amount for the charitable and marital deductions are combined on the Form 706NA, United States Estate Tax Return, Estate of nonresident not a citizen of the United States. However, ten returns, accounting for the bulk of the combined charitable and marital deductions had an attached schedule indicating the amount of the marital deduction.

Table 1--Gross U.S. and Worldwide Estates, Deductions, Taxable Estate, Estate Tax and Credits, by Selected Country of Domicile of Decedent and Size of Gross U.S. Estate
 (Money amounts are in U.S. dollars)

Selected countries and size of gross U.S. estate	Number of returns	Estate in the United States										U.S. estate tax after credits
		Workable estate*	Estate outside the United States†	Total	Type of U.S. property						Other property‡	
					Cash and accounts receivable	Corporate stocks and bonds	Real estate and mortgages	Government securities	Other property‡			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
All countries, total	161	229,410,814	177,522,097	406,932,911	1,823,206	27,770,401	20,709,860	480,238	11,743,666	21,071,425		
\$50,000 under \$100,000	34	8,485,271	3,770,576	12,255,847	81,003	960,584	1,511,121	480,238	11,743,666	21,071,425		
\$100,000 under \$500,000	66	46,942,744	39,708,653	86,651,397	1,511,121	5,104,704	308,528	1,511,121	1,307,078	2,827,591		
\$500,000 under \$1,000,000	29	125,101,623	15,151,680	140,253,303	197,111	6,370,443	4,310,329	19,658	2,808,241	9,451,658		
\$1,000,000 and over	7	40,004,725	23,068,081	63,072,806	15,245	12,785,734	3,395,500	162,101	6,440,163	5,075,037		
Canada, total	61	90,844,701	48,648,445	139,493,146	220,383	6,091,841	4,791,895	22,163	48,648,445	3,844,827		
\$50,000 under \$100,000	13	3,504,701	1,111,228	4,615,929	94,155	368,672	738,737	22,163	48,648,445	3,844,827		
\$100,000 under \$500,000	29	24,523,740	20,360,386	44,884,126	94,155	1,498,657	2,473,636	22,163	48,648,445	3,844,827		
\$500,000 and over	5	22,805,718	17,866,703	40,672,421	185,599	3,628,332	640,000	22,163	48,648,445	3,844,827		
United Kingdom	12	11,728,659	9,571,196	21,300,855	8,462	687,291	1,122,611	97,457	191,842	2,710,657		
Venezuela	1	17,465,464	16,208,571	33,674,035	202,300	3,800,814	1,822,611	97,457	191,842	2,710,657		
France	7	1,485,464	1,111,228	2,596,692	202,300	3,800,814	1,822,611	97,457	191,842	2,710,657		
Switzerland	6	2,718,119	1,111,228	3,829,347	202,300	3,800,814	1,822,611	97,457	191,842	2,710,657		
Australia	7	68,478,126	65,620,036	134,098,162	202,300	3,800,814	1,822,611	97,457	191,842	2,710,657		
Belgium	4	23,336,356	20,235,278	43,571,634	202,300	3,800,814	1,822,611	97,457	191,842	2,710,657		
Denmark	4	4,458,525	1,742,427	6,200,952	381,258	2,323,608	220,400	191,842	428,777	1,014,881		
Hong Kong	4	971,550	520	972,070	11,214	233,608	220,400	191,842	428,777	1,014,881		
Japan	4	1,202,177	229,689	1,431,866	164,453	194,720	125,000	191,842	428,777	1,014,881		
Spain	3	1,955,968	60,147	2,016,115	164,453	194,720	125,000	191,842	428,777	1,014,881		
All other countries*	37	23,410,970	9,841,567	33,252,537	433,128	4,237,649	7,188,555	171,535	1,798,895	1,995,781		
All countries, total	6,063,670	6,183,678	1,889,888	8,073,566	8,073,566	1,889,888	1,889,888	1,889,888	1,889,888	1,889,888		
\$50,000 under \$100,000	155,328	155,328	720,361	875,689	875,689	155,328	155,328	155,328	155,328	155,328		
\$100,000 under \$500,000	1,070,599	1,070,599	350,161	1,420,760	1,420,760	1,070,599	1,070,599	1,070,599	1,070,599	1,070,599		
\$500,000 under \$1,000,000	1,478,465	1,478,465	659,667	2,138,132	2,138,132	1,478,465	1,478,465	1,478,465	1,478,465	1,478,465		
\$1,000,000 and over	3,633,225	3,633,225	1,939,447	5,572,672	5,572,672	3,633,225	3,633,225	3,633,225	3,633,225	3,633,225		
Canada, total	885,077	885,077	230,203	1,115,280	1,115,280	885,077	885,077	885,077	885,077	885,077		
\$50,000 under \$100,000	71,205	71,205	230,203	291,408	291,408	71,205	71,205	71,205	71,205	71,205		
\$100,000 under \$500,000	620,940	620,940	390,437	1,011,377	1,011,377	620,940	620,940	620,940	620,940	620,940		
\$500,000 and over	131,812	131,812	109,563	241,375	241,375	131,812	131,812	131,812	131,812	131,812		
United Kingdom	978,510	978,510	230,203	1,208,713	1,208,713	978,510	978,510	978,510	978,510	978,510		
West Germany	427,439	427,439	230,203	657,642	657,642	427,439	427,439	427,439	427,439	427,439		
France	3,092,199	3,092,199	230,203	3,322,402	3,322,402	3,092,199	3,092,199	3,092,199	3,092,199	3,092,199		
Italy	16,851	16,851	230,203	247,054	247,054	16,851	16,851	16,851	16,851	16,851		
Switzerland	234,905	234,905	230,203	465,108	465,108	234,905	234,905	234,905	234,905	234,905		
Belgium	439,776	439,776	230,203	669,979	669,979	439,776	439,776	439,776	439,776	439,776		
Australia	314,079	314,079	230,203	544,282	544,282	314,079	314,079	314,079	314,079	314,079		
Denmark	148,619	148,619	230,203	378,822	378,822	148,619	148,619	148,619	148,619	148,619		
Hong Kong	23,437	23,437	230,203	253,640	253,640	23,437	23,437	23,437	23,437	23,437		
Japan	557,994	557,994	230,203	788,197	788,197	557,994	557,994	557,994	557,994	557,994		
Spain	20,185	20,185	230,203	250,388	250,388	20,185	20,185	20,185	20,185	20,185		
All other countries*	841,931	841,931	12,827,020	13,668,951	13,668,951	841,931	841,931	841,931	841,931	841,931		

* These amounts may be underreported since only 88 returns reported an amount for "Estate outside the United States." An estate was required to report the amount only if it allocated deductions for its worldwide estate to its U.S. estate. Where the 1 includes U.S. possessions, except Puerto Rico.

*These amounts may be underreported since only 88 returns reported an amount for "Estate outside the United States." An estate was required to report the amount only if it allocated deductions for its worldwide estate to its U.S. estate. When the amount is not reported, the U.S. estate and worldwide estate would be equal.

†Includes personal possessions, except Puerto Rico.

‡Includes U.S. possessions, except Puerto Rico.

Section 15

Forms and Instructions

The forms and instructions shown in this section of this compendium relate to the studies discussed in Sections 2 through 14. In general, the forms and instructions applicable to the tax years covered in each section are presented here.

Contents

Form 706NA and Instructions (Revised November 1987)
 United States Estate (and Generation-Skipping Transfer) Tax Return, Estate of Nonresident Not a Citizen of the United States, p. 433.

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Form 5713 and Instructions (Revised January 1986)
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Schedule A, Form 5713 and Instructions (Revised January 1986)
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Schedule B, Form 5713 and Instructions (Revised January 1986) Specifically Attributable Taxes and Income (Section 99(c)(2)), p. 518.

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Schedule P, Form 5735 and Instructions (Revised October 1986) Allocation of Income and Expenses Under Section 936(h)(5), p. 521.

Form 8804 (September 1989) Annual Return for Partnership Withholding Tax (Section 1446), p. 522.

Form 8805 (September 1989) Foreign Partnership's Information Statement of Section 1446 Withholding Tax, p. 522.

Form 8813 (September 1989) Partnership Withholding Tax Payment (Section 1446), p. 523.

Instructions for Forms 8804, 8805, and 8813 (September 1989), p. 524.

Form 706NA
(Rev. November 1987)
Department of the Treasury
Internal Revenue Service

United States Estate (and Generation-Skipping Transfer) Tax Return
Estate of nonresident not a citizen of the United States
(Section references are to the Internal Revenue Code.)

OMB No. 1545-0031
Expires 06-30-90

Attach supplemental documents and translations. Show amounts in United States dollars.

PART 1.—Decedent, Executor, and Attorney

1a Decedent's first name and middle initial _____ 1b Decedent's last name _____ 2 U.S. social security number (if any) _____

3 Place of death _____ 4 Domicile at time of death _____ 5 Citizenship (nationality) _____ 6 Date of death _____

7a Date of birth _____ 7b Place of birth _____ 8 Business or occupation _____

9a Name of executor _____ 10a Name of attorney for estate _____
b Address _____ b Address _____

11a Name of executor _____ 12a Name of attorney for estate _____
b Address _____ b Address _____

PART 2.—Tax Computation

1	Taxable estate (from Schedule B, line 8)	1
2	Total taxable gifts of tangible or intangible property located in the U.S., transferred (directly or indirectly) by the decedent after December 31, 1976, and not included in the gross estate (see section 2511)	2
3	Total (add lines 1 and 2)	3
4	Tentative tax on the amount on line 3 (see instructions)	4
5	Tentative tax on the amount on line 2 (see instructions)	5
6	Gross estate tax (subtract line 5 from line 4)	6
7	Unified credit—enter lesser of line 6 amount or maximum allowed (see instructions)	7
8	Balance (subtract line 7 from line 6)	8
9	Credit for state death taxes (see instructions and attach credit evidence)	9
10	Balance (subtract line 9 from line 8)	10
11	Credit for Federal gift taxes (see sections 2102 and 2012 and attach computation)	11
12	Credit for tax on prior transfers (attach Schedule Q, Form 706)	12
13	Total (add lines 11 and 12)	13
14	Net estate tax (subtract line 13 from line 10)	14
15	Total generation-skipping transfer tax (attach Schedule R, Form 706)	15
16	Section 4981A increased estate tax (attach Schedule S (Form 706) (see instructions))	16
17	Total transfer taxes (Add lines 14, 15, and 16)	17
18	Earlier payments (see instructions and attach explanation)	18
19	U.S. Treasury bonds redeemed to pay estate tax	19
20	Total (add lines 18 and 19)	20
21	Balance due (subtract line 20 from line 17) (see instructions)	21

Under penalties of perjury, I declare that I have examined this return, including any supplemental information attached, and to the best of my knowledge and belief, it is true, correct, and complete. I am aware that anyone who furnishes false or fraudulent information on this return may be subject to criminal sanctions (including fines and imprisonment) and/or civil penalties (including multiple tax deficiencies and/or civil penalties).

(Signature of executor) _____ (Date) _____

(Signature of preparer (other than executor)) _____ (Address) _____ (Date) _____

For Paperwork Reduction Act Notice, see the first page of the instructions. Form 706NA (Rev. 11-87)

Form 706NA (Rev. 11-87) Page 2

PART 3.—General Information

1a Did the decedent die testate? ☐ Yes ☐ No

1b Were letters testamentary or of administration granted for the estate? ☐ Yes ☐ No
If granted to persons other than those filing the return, include names and addresses on page 3.

2 Did the decedent, at the time of death, own any:
a Real property located in the U.S.? ☐ Yes ☐ No
b U.S. corporate stock? ☐ Yes ☐ No
c Debt obligations of (1) a U.S. person or (2) the U.S., a state or any political subdivision, or the District of Columbia? ☐ Yes ☐ No
d Other property located in the U.S.? ☐ Yes ☐ No

3 Was the decedent engaged in business in the U.S. at date of death? ☐ Yes ☐ No

4 At date of death, did the decedent have access, personally or through an agent, to a safe deposit box located in the U.S.? ☐ Yes ☐ No

5 At date of death, did the decedent own any property located in the U.S. as a joint tenant with right of survivorship, as a tenant by the entirety, or with surviving spouse, as community property? ☐ Yes ☐ No
If "Yes," attach Schedule E, Form 706.

6a Had the decedent ever been a citizen of the United States? ☐ Yes ☐ No
b If "Yes," did the decedent lose U.S. citizenship within 10 years of death? ☐ Yes ☐ No

7 Did the decedent make any transfer (of property that was located in the U.S. at either the time of the transfer or the time of death) described in sections 2035, 2036, 2037, or 2038 (see the instructions for Form 706 Schedule G)? ☐ Yes ☐ No
If "Yes," attach Schedule G, Form 706.

8 At the date of death, had the decedent created any existing trusts that included property located in the U.S. either when the trust was created or when the decedent died? ☐ Yes ☐ No
If "Yes," attach Schedule G, Form 706.

9 At the date of death, did the decedent:
a Have a general power of appointment over any property located in the U.S.? ☐ Yes ☐ No
b Or, at any time, exercise or release the power? ☐ Yes ☐ No
If "Yes," to either a or b, attach Schedule H, Form 706.

10a Have Federal gift tax returns ever been filed? ☐ Yes ☐ No
b Periods covered: _____
c Internal Revenue offices where filed: _____

11 Does the gross estate in the United States include any interests in property transferred to a "skip person" as defined in the instructions to Schedule R of Form 706?
If "Yes," attach Schedules R and/or R-1, Form 706.

Schedule A Gross Estate in the United States (see instructions)

Do you elect to value the decedent's gross estate at a date or dates after the decedent's death (as authorized by section 2032)? ☐ Yes ☐ No
To make the election, you must check this box "Yes." If you check "Yes," complete columns (c), (d), and (e). If you check "No," complete column (a). You may leave columns (b) and (f) blank or you may use them to expand your column (a) description.

(a)	(b)	(c)	(d)	(e)	(f)
Item No.	Description of property and location. For real estate, attach address and EGPSP number, if available.	Alternate valuation date.	Alternate value in U.S. dollars.	Value at date of death in U.S. dollars.	
1					

(If you need more space, attach additional sheets of same size.)

Total

Schedule B Taxable Estate
You must document lines 2 and 4 for the deduction on line 5 to be allowed.

1	Gross estate in the U.S. (Schedule A total)	1
2	Gross estate outside the U.S. (see instructions)	2
3	Entire gross estate wherever located (add amounts on lines 1 and 2)	3
4	Amount of funeral expenses, administration expenses, decedent's debts, mortgages and liens, and losses during administration (attach itemized schedule) (see instructions)	4
5	Deduction for expenses, claims, etc. (divide line 1 by line 3 and multiply the result by line 4) (see instructions)	5
6	Charitable deduction (attach Schedule O, Form 706) and marital deduction (attach Schedule M, Form 706, and computation)	6
7	Total deductions (add lines 5 and 6)	7
8	Taxable estate (subtract line 7 from line 3)	8

Form 940 Employer's Annual Federal Unemployment (FUTA) Tax Return 1987 COPY

OMB No. 1545-0028

1. Did you pay all required contributions to state unemployment funds by the due date of Form 940? (See instructions if none required.) ☐ Yes ☐ No

2. If you checked the "Yes" box, enter the amount of contributions paid to state unemployment funds.

3. If you checked the "Yes" box, enter the amount of contributions paid to state unemployment funds.

4. If any part of wages taxable for FUTA tax is exempt from state unemployment tax, check the box. (See the Specific Instructions on page 2.)

Part I - Computation of Taxable Wages and Credit Reduction (to be completed by all taxpayers)

1. Total payments (including exempt payments) during the calendar year for services of employees

2. Exempt payments (explain each exemption shown, attaching additional sheets if necessary)

3. Payments for services of more than \$7,000. Enter only the excess over the first \$7,000 paid to individual employees not including exempt amounts shown on line 2. Do not use the state wage limitation.

4. Total exempt payments (add lines 2 and 3)

5. Total taxable wages (subtract line 4 from line 1) (If any part is exempt from state contributions, see instructions.)

6. Additional tax resulting from credit reduction for unpaid advances to the state listed below (by two letter Postal Service abbreviation). Enter the wages included on line 5 above for that state and multiply by the rate shown. (See instructions.)

Part II - Tax Due or Refund (Complete if you checked the "Yes" box in either question A or B or you checked the box in C, above.)

1. FUTA tax. Multiply the wages on Part I, line 5, by .008 and enter here.

2. Enter amount from Part I, line 6.

3. Total FUTA tax (add lines 1 and 2)

4. Balance due (subtract line 2 from line 3). This should be \$100 or less. Pay to IRS.

5. Overpayment (subtract line 3 from line 4). Check if it is to be: ☐ Applied to next return, or ☐ Refunded

Part III - Tax Due or Refund (Complete if you checked the "No" box in either question A or B or you checked the box in C, above. Also complete Part V.)

1. Gross FUTA tax. Multiply the wages on Part I, line 5, by .062.

2. Maximum credit. Multiply the wages on Part I, line 5, by .054.

3. Enter the smaller of the amount on Part I, line 1, or the amount on line 2.

4. Enter amount from Part I, line 6.

5. Credit allowable (subtract line 4 from line 3) (If zero or less, enter 0)

6. Total FUTA tax (subtract line 5 from line 1)

7. Minus. Total FUTA tax deposited for the year, including any overpayment applied from a prior year (from your records)

8. Balance due (subtract line 7 from line 6). This should be \$100 or less. Pay to IRS.

9. Overpayment (subtract line 6 from line 7). Check if it is to be: ☐ Applied to next return, or ☐ Refunded

Part IV - Record of Quarterly Federal Tax Liability for Unemployment Tax (Do not include state liability.)

Quarter:

First: Second: Third: Fourth:

Liability for quarter:

Signature: Title (Owner, etc.): Date:

Note: You must keep this copy and a copy of each related schedule or statement for 4 years after the date the tax is due or paid, whichever is later. These copies must be available for inspection by the IRS. See Circular E and Publication 539, Employment Taxes, for more information. Households employees should use Publication 503.

Form 940-1 (1987) Page 4

Part V - Computation of Tentative Credit (Complete if you checked the "No" box in either question A or B or you checked the box in C, on page 1 - see instructions.)

1. Taxable wages (from line 5 of Form 940)

2. State unemployment tax rate (see instructions)

3. State unemployment tax credit (see instructions)

4. State unemployment tax credit (see instructions)

5. State unemployment tax credit (see instructions)

6. State unemployment tax credit (see instructions)

7. State unemployment tax credit (see instructions)

8. State unemployment tax credit (see instructions)

9. State unemployment tax credit (see instructions)

10. Total

11. Total tentative credit (add line 10, columns 8 and 9 - see instructions for limitations)

Part I - Computation of Taxable Wages and Credit Reduction

Line 1 - Total payments. Enter the total payments you made to employees during the calendar year, even if they are not taxable. Include salaries, wages, commissions, fees, bonuses, vacation allowances, amounts paid to temporary or part-time employees, and the value of goods, lodging, food, clothing, and noncash fringe benefits. Also include the amount of tips reported to you in writing by your employees. Enter the amount before any deductions. How the payments are made is not important in determining if they are wages. Thus, you may pay wages for piecework or as a percentage of profits, and you may pay wages hourly, daily, weekly, monthly, or yearly. You may pay wages in cash or some other way, such as goods, lodging, food, or clothing. For items other than cash, use the fair market value at the time of payment.

Line 2 - Exempt payments. - "Wages" and "employment" as defined for FUTA purposes do not include every payment and every kind of service excepted from employment are not subject to tax. You may deduct these payments from total payments only if you establish them on line 2.

Enter such items as the following:

(1) Agricultural labor, if you don't meet either of the tests in Agricultural Employees on page 2.

(2) Benefit payments for sickness or injury under a worker's compensation law.

(3) Household service if you did not pay cash wages of \$1,000 or more in any calendar quarter in 1986 and 1987.

(4) Certain family employment.

(5) Certain fishing activities.

(6) Noncash payments for farmwork or household services in a private home that are excluded on line 1. Only cash wages to these workers are taxable.

(7) Value of certain meals and lodging.

(8) Any other exempt service or benefit.

For more information, see Circular E.

Line 3 - Enter the total amounts of more than \$7,000 you paid each employee during the calendar year. For each employee, if you have 10 employees or more when you paid \$8,000 or more during the year, \$8,000 on line 1 and \$100,000 on line 3. The \$7,000 wage limitation is for FUTA purposes only. Do not use the state wage limitation for this entry.

Line 4 - Total taxable wages. - If any part of these wages is exempt from state unemployment tax, you must list it on Part III, line 5. For example, if you pay wages to corporate officers in a state that exempts these wages from unemployment taxes (these wages are taxable for FUTA tax), you would check the box on line 1 and complete Part III and V.

Line 6 - Enter any wages included on line 5 above that are not subject to the state wage limitation. Multiply the wages by the rate shown. This adjustment increases the FUTA tax by the amount shown on line 6.

Part II - Tax Due or Refund

Use this part only if you checked "Yes" for both questions A and B on page 1, and did not check the box in C. The tax rate of .008 gives you credit for your payments to your state's unemployment fund.

Line 3 - Enter the smaller of Part V, line 1, or Part II, line 2. This is the maximum credit allowable for your payments to state unemployment fund.

Lines 4 and 5 - Enter the amount from Part I, line 6 on line 4. Subtract this amount from Part II, line 3. The result on line 5 is your allowable credit for payments to the state.

Part III - Tax Due or Refund

Use this part if you do not qualify for Part II, line 3. Enter the smaller of Part V, line 1, or Part III, line 2. This is the maximum credit allowable for your payments to state unemployment fund.

Lines 4 and 5 - Enter the amount from Part I, line 6 on line 4. Subtract this amount from Part III, line 3. The result on line 5 is your allowable credit for payments to the state.

Part IV - Record of Federal Tax Liability

Complete this part if your total tax (Part I, line 3 or Part II, line 6) is over \$100. To figure your FUTA liability for each of the first 3 quarters of 1987, multiply by .008 that part of the first quarter's wages that you paid. Enter this amount under each quarter's average liability. Enter this amount under each quarter's average liability. Enter this amount under each quarter's average liability.

For liability for the 4th quarter is the total tax (Part II, line 3 or Part III, line 6) minus your liability for the first 3 quarters of the year. The total liability must equal your total tax. Otherwise, you may be charged a failure to deposit penalty against your average liability. Enter this amount under each quarter's average liability.

Depositing FUTA tax. - If your liability for any of the first 3 quarters of 1987 (plus any undeposited amount of \$100 or less from any earlier quarter) is over \$100, deposit it by the last day of the first month following the close of the quarter. If it is \$100 or less, carry it to the next quarter. If you deposited the correct amounts, following these rules, the balance with Form 940 will be zero. If you did not, you must pay the balance with Form 940.

Deposit FUTA tax in an authorized financial institution or the Federal Reserve Bank for your state. To avoid a late deposit penalty, do not mail deposits directly to IRS. Records of your deposits are required for each quarter. See instructions on page 2.

You must use a Form 8109, Federal Tax Deposit Coupon, when making each tax deposit. Send it with a book of certified checks when you use Form 8109.

U.S. GOVT. PRINTING OFFICE: 1987-310-210-000

Form 1040 U.S. Individual Income Tax Return 1987

OMB No. 1545-0047

1. Your name and either (a) your social security number, or (b) your name and address (see instructions)

2. Your social security number

3. Your name and either (a) your social security number, or (b) your name and address (see instructions)

4. Your social security number

5. Your name and either (a) your social security number, or (b) your name and address (see instructions)

6. Your social security number

7. Your name and either (a) your social security number, or (b) your name and address (see instructions)

8. Your social security number

9. Your name and either (a) your social security number, or (b) your name and address (see instructions)

10. Your social security number

11. Your name and either (a) your social security number, or (b) your name and address (see instructions)

12. Your social security number

13. Your name and either (a) your social security number, or (b) your name and address (see instructions)

14. Your social security number

15. Your name and either (a) your social security number, or (b) your name and address (see instructions)

16. Your social security number

17. Your name and either (a) your social security number, or (b) your name and address (see instructions)

18. Your social security number

19. Your name and either (a) your social security number, or (b) your name and address (see instructions)

20. Your social security number

21. Your name and either (a) your social security number, or (b) your name and address (see instructions)

22. Your social security number

23. Your name and either (a) your social security number, or (b) your name and address (see instructions)

24. Your social security number

25. Your name and either (a) your social security number, or (b) your name and address (see instructions)

26. Your social security number

27. Your name and either (a) your social security number, or (b) your name and address (see instructions)

28. Your social security number

29. Your name and either (a) your social security number, or (b) your name and address (see instructions)

30. Your social security number

31. Your name and either (a) your social security number, or (b) your name and address (see instructions)

32. Your social security number

33. Your name and either (a) your social security number, or (b) your name and address (see instructions)

34. Your social security number

35. Your name and either (a) your social security number, or (b) your name and address (see instructions)

36. Your social security number

37. Your name and either (a) your social security number, or (b) your name and address (see instructions)

38. Your social security number

39. Your name and either (a) your social security number, or (b) your name and address (see instructions)

40. Your social security number

41. Your name and either (a) your social security number, or (b) your name and address (see instructions)

42. Your social security number

43. Your name and either (a) your social security number, or (b) your name and address (see instructions)

44. Your social security number

45. Your name and either (a) your social security number, or (b) your name and address (see instructions)

46. Your social security number

47. Your name and either (a) your social security number, or (b) your name and address (see instructions)

48. Your social security number

49. Your name and either (a) your social security number, or (b) your name and address (see instructions)

50. Your social security number

51. Your name and either (a) your social security number, or (b) your name and address (see instructions)

52. Your social security number

53. Your name and either (a) your social security number, or (b) your name and address (see instructions)

54. Your social security number

55. Your name and either (a) your social security number, or (b) your name and address (see instructions)

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97. Your name and either (a) your social security number, or (b) your name and address (see instructions)

98. Your social security number

99. Your name and either (a) your social security number, or (b) your name and address (see instructions)

100. Your social security number

Form 1040-1 (1987) Page 2

Part I - Income

1. Wages, salaries, tips, etc. (attach Form W-2)

2. Taxable interest income (also attach Schedule B if over \$400)

3. Tax-exempt interest income (see page 10). DON'T include on line 1.

4. Dividend income (also attach Schedule B if over \$400)

5. Taxable amount (see page 11)

6. Dividend income (also attach Schedule B if over \$400)

7. Taxable amount (see page 11)

8. Dividend income (also attach Schedule B if over \$400)

9. Taxable amount (see page 11)

10. Dividend income (also attach Schedule B if over \$400)

11. Taxable amount (see page 11)

12. Dividend income (also attach Schedule B if over \$400)

13. Taxable amount (see page 11)

14. Dividend income (also attach Schedule B if over \$400)

15. Taxable amount (see page 11)

16. Dividend income (also attach Schedule B if over \$400)

17. Taxable amount (see page 11)

18. Dividend income (also attach Schedule B if over \$400)

19. Taxable amount (see page 11)

20. Dividend income (also attach Schedule B if over \$400)

21. Taxable amount (see page 11)

22. Dividend income (also attach Schedule B if over \$400)

23. Taxable amount (see page 11)

24. Dividend income (also attach Schedule B if over \$400)

25. Taxable amount (see page 11)

26. Dividend income (also attach Schedule B if over \$400)

27. Taxable amount (see page 11)

28. Dividend income (also attach Schedule B if over \$400)

29. Taxable amount (see page 11)

30. Dividend income (also attach Schedule B if over \$400)

31. Taxable amount (see page 11)

32. Dividend income (also attach Schedule B if over \$400)

33. Taxable amount (see page 11)

34. Dividend income (also attach Schedule B if over \$400)

35. Taxable amount (see page 11)

36. Dividend income (also attach Schedule B if over \$400)

37. Taxable amount (see page 11)

38. Dividend income (also attach Schedule B if over \$400)

39. Taxable amount (see page 11)

40. Dividend income (also attach Schedule B if over \$400)

41. Taxable amount (see page 11)

42. Dividend income (also attach Schedule B if over \$400)

43. Taxable amount (see page 11)

44. Dividend income (also attach Schedule B if over \$400)

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97. Taxable amount (see page 11)

98. Dividend income (also attach Schedule B if over \$400)

99. Taxable amount (see page 11)

100. Dividend income (also attach Schedule B if over \$400)

Forms and Instructions

• If at the end of any month the total amount of undeposited taxes for the year is \$200 or more but less than \$2,000, you must deposit the taxes by the 15th day of the following month. (This does not apply if you made a deposit for a quarter monthly period during the month under the \$2,000 rule explained above.)

• If at the end of the year the total amount of undeposited taxes is less than \$200, you may either pay the taxes directly to IRS along with your Form 1042 or deposit them by March 15.

Penalty for Overstated Tax Deposits.—If you overstate your deposits, you may be subject to a penalty. See section 6656(b).

Canadian Withholding Agents

If you are a nominee, representative, fiduciary, or partnership in Canada and you receive dividends from sources in the United States for the account of any person who is not entitled to the reduced rate granted under the tax treaty between the United States and Canada, you are a withholding agent and you must withhold the additional tax due on such income. Send the additional U.S. tax withheld, in U.S. currency, with Form 1042 to the Internal Revenue Service Center, Philadelphia, PA 19255, by March 15, 1988.

Specific Instructions for Form 1042

Note: If you are a withholding agent for numerous clients, you must make required Federal Tax Deposits (FTDs) and file only one Form 1042 (consolidating all Forms 1042S recipient information) using your name, address, and employer identification number (EIN), regardless of the number of different clients, branches, divisions or types of income for which you are the withholding agent.

Line 63.—The amount on line 63a should equal the sum of all Forms 1042S, line 3, column (b), plus the amount shown on Form 1000 if during 1987 you withheld more tax than required; you may release it to the recipient any time before you file Form 1042 for the year. In this case, enter in column (e) of Form 1042S the tax withheld less any tax released. The amount on line 63b should equal the sum of all Forms 1042S, line 3, column (e) plus the tax assumed from Forms 1000. If it does not, attach a statement explaining the difference.

In determining tax withheld on remuneration for labor or personal services that a nonresident alien performs in the United States, a deduction for personal exemptions to the extent allowed by section 873(d)(3) is allowed provided on the basis of \$5.21 (\$5.33 for 1988) a day for each exemption for the period during which the alien performs the services in the United States. Attach a statement to Form 1042 explaining the amount of compensation for labor or personal services in the United States and the amount of exemptions provided. For more information, see Publication 515.

Lines 68 and 69.—You may claim an overpayment shown on line 68 as a refund or a credit. Check either box on line 69 to show which you are claiming. If you claim a credit, it can reduce your required deposits of withheld tax for 1988.

1116 **Computation of Foreign Tax Credit**
Individual, Fiduciary, or Nonresident Alien Individual
Attach to Form 1040, 1040NR, 1041, or 990-T.
See separate instructions.

OMB No. 1545-0021
1987
EFFECTIVE DATE 1-1-87

Name _____ Identifying number as shown on page 1 of your tax return _____

Use a separate Form 1116 for each type of income. Check only one box. This form is being completed for credit for taxes on:

☐ Passive income ☐ Shipping income ☐ Dividends from each noncontrolled section 902 corporation ☐ General limitation income—all other income from sources outside the United States (including income from sources within U.S. possessions)

☐ High withholding tax interest ☐ Dividends from an IC-DISC or former DISC ☐ Dividends from a foreign sales corporation (FSC) or former FSC

☐ Financial services income ☐ Dividends from a foreign sales corporation (FSC) or former FSC

Resident of (name of country) _____

Note: If you paid taxes to one foreign country, use column A in Part I and line A in Part II. If you paid taxes to more than one foreign country, use a separate column and line for each country.

Part I Taxable Income From Sources Outside the United States

Write the name of the foreign country or U.S. possession	Foreign Country or U.S. Possession			Total (Add Col. A, B, and C)
	A	B	C	
1 Gross income from sources within country (see above and of the type checked above (see instructions))				
2 Applicable deductions and losses (see instructions)				
a Expenses directly allocable to the income on line 1 (attach schedule)				
b Pro rata share of all other deductions not directly allocable				
(i) Itemized deductions (attach schedule)				
(ii) Other deductions (attach schedule)				
(iii) Add lines 2b(i) and 2b(ii)				
(iv) Foreign source income (see instructions)				
(v) Gross income from all sources (see instructions)				
(vi) Divide line 2b(v) by line 2b(v)				
(vii) Multiply line 2b(v) by line 2b(v)				
(viii) Losses from foreign sources				
c Add lines 2a, 2b(viii), and 2c				
3 Subtract line 2d from line 1. Enter the result here and on Part III, line 6a				

Part III Foreign Taxes Paid or Accrued (Attach receipt or copy of return.)

Country	In Foreign Currency		In U.S. Dollars		Total Foreign Taxes Paid or Accrued (Col. 1, 2, 3, and 4)
	(1) Paid or Accrued	(2) Paid or Accrued	(3) Dividends	(4) Other Foreign Taxes Paid or Accrued	
A					
B					
C					

Add lines A through C, column (4). Enter the total here and on Part III, line 11.

For Paperwork Reduction Act Notice, see page 1 of separate instructions.

Form 1116 (1987)

Form 1116 (1987) **Page 2**

Part III Computation of Foreign Tax Credit

Check if you are claiming a credit for taxes paid to the Virgin Islands under section 932(b) ☐

1 Enter amount from Part I, line 3 (This is the total foreign taxes paid or accrued)	1	
2 Carryback or carryover (attach detailed computation)	2	
3 Add lines 1 and 2	3	
4 Reduction in foreign taxes (see instructions)	4	
5 Subtract line 4 from line 3 (This is the total amount of foreign taxes available for credit)	5	
6a Enter amount from Part I, line 3 (see instructions)	6a	
b Enter pro rata share of allocated foreign losses (see instructions)	6b	
c Reduce the amount on line 6a by the loss on line 6b. (This is your taxable income (or loss) from sources outside the United States.) If this is a loss, you have no foreign tax credit for the type of income you checked on page 1. Skip lines 7 through 13.	6c	
7 Recapture of prior year overall foreign losses (attach computation)	7	
8 Subtract line 7 from line 6c. This is your net foreign source taxable income	8	
9 Individuals: Enter amount from Form 1040, line 34, or Form 1040NR, line 33. Estates and trusts: Enter on this line your taxable income without the deduction for your exemption	9	
10 Divide line 8 by line 9 (If line 8 is more than line 9, enter the figure "1.")	10	
11 Individuals: Enter amount from Form 1040, line 43, or Form 1040NR, line 40. Estates and trusts: Enter amount from Form 1041, line 22c, or Form 990-T, line 8	11	
12 Multiply line 11 by line 10 (Maximum amount of credit)	12	
13 Enter the amount from line 5 or line 12, whichever is smaller. (If this is the only Form 1116 you are completing, skip lines 1 through 8 in Part IV and enter this amount on line 9, Part IV. Otherwise, complete the appropriate lines in Part IV.)	13	

Part IV Summary of Credits From Separate Parts III (See Instructions.)

1 Credit for taxes on passive income	1	
2 Credit for taxes on high withholding tax interest	2	
3 Credit for taxes on financial services income	3	
4 Credit for taxes on shipping income	4	
5 Credit for taxes on dividends from an IC-DISC or former DISC	5	
6 Credit for taxes on dividends from a FSC or former FSC	6	
7 Credit for taxes on dividends from each noncontrolled section 902 corporation	7	
8 Credit for taxes on general limitation income (all other income from sources outside the U.S.)	8	
9 Add lines 1 through 8	9	
10 Reduction of credit for international boycott operations (see "Reduction of Credit for International Boycott Operations" in instructions for Part III)	10	
11 Subtract line 10 from line 9. This is your foreign tax credit. Enter here and on Form 1040, line 44; Form 1040NR, line 41; Form 1041, line 23a; or Form 990-T, line 9a	11	

U.S. GPO: 1987-0-163-164

Instructions for Form 1116

Computation of Foreign Tax Credit
Individual, Fiduciary, or Nonresident Alien Individual

(Section references are to the Internal Revenue Code.)

General Instructions

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Note. You will not be allowed a foreign tax credit unless a copy of your foreign tax return or a receipt for foreign taxes paid is attached to Form 1116. This applies to all taxpayers, except taxpayers claiming a credit for taxes paid to the Virgin Islands.

For more information, see the instructions for "Proof of Credits" under Part II.

For more information, see the instructions for "Foreign Taxes for Which You May Take a Credit."

1987 Tax Law Changes

There are several changes to the computation of foreign tax credits for tax years beginning in 1987. These changes include modifications to the separate limitation categories, transition rules for the carryback and carryover of credits for losses in these categories, denial of the credit for taxes paid or accrued to certain countries, and new rules for the sourcing of gains on the sale of property.

The following existing separate limitation categories have been retained: certain dividends from a DISC (foreign tax credit), certain foreign trade income and distributions from a FSC (foreign tax credit), and certain separate limitation credit for passive interest income which existed prior to 1987 has been eliminated and replaced with a separate limitation for passive income in general. Other categories of income are now subject to separate limitation categories.

Treatment. These are high withholding tax interest, financial services income, shipping income, and dividends from a noncontrolled source 902 corporation. Income which does not fall into one of these categories is placed in the "general limitation" category, which includes all other income from sources outside the United States. Wages and other earned income of an employee, for example, are generally placed in the "general limitation" category. See the instructions for line 1 for more information about the separate limitation categories.

The denial of credit for taxes paid to certain countries is explained below under Foreign Taxes for Which You May Take a Credit. The new source rules are outlined in the line by line instructions for Part I. The transitional rules for carryback and

carryovers are discussed in the line by line instructions for Part III, Computation of Foreign Tax Credit. Caution: At the time these instructions were printed, Congress was considering legislation that would change or modify the tax treatment described in some of the discussions presented here.

Who Should Use This Form

Use Form 1116 to figure the amount of your foreign tax credit if you are an individual, estate, or trust.

To take this credit, complete Form 1116 and attach it to your income tax return. Use a separate Form 1116 (Part I, line 1), and fill in the figure for the foreign taxes paid or accrued for each type of income specified above Part I of the form. If for the box you check, you have income from or have paid taxes to more than one foreign country or U.S. possession, use a separate column in Part I and a separate line in Part II for each country. If you paid taxes to more than three countries, attach additional sheets showing the form of Parts I and II for each country. Additional information.—Publication 514, Foreign Tax Credit for U.S. Citizens and Resident Aliens, contains a detailed explanation of how to figure the foreign tax credit. You can get it from an IRS Forms Distribution Center.

Note. U.S. citizens who live in certain countries may be able to take a foreign tax credit against their U.S. tax liability for the foreign tax imposed on certain items of income earned from the United States. See Publication 514 for more information.

Who May Not Take the Credit.

- A U.S. citizen who is exempt from U.S. tax on income from certain U.S. possessions.
- A bona fide resident of the Virgin Islands on the last day of your tax year.
- A nonresident alien. However, if you are a resident of the United States, you may be able to take the credit.

(1) If you are a resident of Puerto Rico during your entire tax year, or

(2) If you are a nonresident alien who pays or accrues tax to a foreign country or U.S. possession on income from a source that is effectively connected with a trade or business in the United States. However, if you have to pay tax to a foreign country or U.S. possession on income from U.S. sources only because you are a citizen or resident of that country or U.S. possession, that tax may not be used in figuring the foreign tax credit. Citizens of the U.S. possession (except Puerto Rico or Guam) who are not otherwise citizens or residents of the United States are considered nonresident aliens.

For more information, see Publication 519, U.S. Tax Guide for Aliens.

Foreign Taxes for Which You May Take a Credit

You may take a credit for income, war profits, and excess profits taxes paid or accrued during the tax year to any foreign country or U.S. possession or any political subdivision, agency, or instrumentality of the country or possession (examples of political subdivisions are a city, state, or province). For purposes of this credit, U.S. possessions include Puerto Rico, Guam, the Northern Mariana Islands, American Samoa, and the Virgin Islands.

These taxes include taxes that are paid or accrued in lieu of an income, war profits, or excess profits tax that is otherwise generally imposed.

Note. New rules apply to taxpayers claiming a credit for taxes paid to the Virgin Islands. If you are claiming a credit for taxes paid to the Virgin Islands, use a separate Form 1116 for the computation and check the box above line 1 of Part III of the form. Do not check the "Type of Income" boxes above line 1 of Part III. Instead, complete Form 5699 and attach it to your income tax return. The Virgin Islands. Enter the tax allocated to the Virgin Islands from Form 5699 on line 13 of Part III, Form 1116. If you are claiming a credit for foreign taxes paid only, also enter the amount from line 13 above on line 13 of Part III, Form 1116. If you are claiming credit for taxes paid to foreign foreign countries in addition to the Virgin Islands credit, include the Virgin Islands credit in the total on line 13 of Part III, Form 1116. You must use the same credit. Write "V.I. tax" and the amount to the left of the entry space for line 13. Do not include taxes for Virgin Islands income as foreign source income for purposes of computing the credit for your foreign tax credit.

Foreign Taxes for Which You May Not Take a Credit

A foreign tax credit may not be claimed for taxes imposed and paid on income earned from the United States. See Publication 514 for more information.

Who May Not Take the Credit.

- A foreign tax credit may not be claimed for taxes imposed and paid on income earned from the United States. See Publication 514 for more information.
- A foreign tax credit may not be claimed for taxes imposed and paid on income earned from the United States. See Publication 514 for more information.

Certain payments made to a foreign country for the purchase or sale of oil or gas may not be used in figuring the foreign tax credit. If you have to pay tax to a foreign country or U.S. possession on income from a source that is effectively connected with a trade or business in the United States. However, if you have to pay tax to a foreign country or U.S. possession on income from U.S. sources only because you are a citizen or resident of that country or U.S. possession, that tax may not be used in figuring the foreign tax credit. Citizens of the U.S. possession (except Puerto Rico or Guam) who are not otherwise citizens or residents of the United States are considered nonresident aliens.

on other kinds of income. However, the amount of tax not allowed as a credit under this rule is allowed as a business expense deduction.

- Payments of foreign tax which are returned to you on the form of a subsidy (such as a refund or credit).
- Foreign taxes paid or accrued on distributions attributable to the foreign trade income (other than nonrecaptured foreign trade income determined without regard to administrative pricing rules) of foreign sales corporations (FSC).
- You may not take a credit for any interest on a loan you must pay.

Credit or Deduction

Instead of leaving the credit on Form 1116, you may choose to deduct foreign income taxes as a deduction (Schedule A (Form 1040) for Form 1040 (line 1)). If you take the credit for any allowable foreign taxes, you may not take any part of that year's tax as a deduction in the year you take the credit or in any later year. You may take a deduction for foreign taxes paid or accrued in a later year if you take the credit or in any later year. You may also take a deduction for taxes paid to certain foreign countries for which a credit has been denied under section 901(a)(2). You may not take a deduction for taxes paid to the Virgin Islands.

If you want to change your election to take a deduction instead of a credit, or a credit instead of a deduction, you must do so within the special 10 year limitation period provided by Regulations section 1.901-10.

Method of Reporting

Report all amounts on the form in U.S. dollars except where specified otherwise in the instructions. If you have foreign taxes in effect on the last day of your tax year, you have to convert from foreign currency, attach a detailed explanation of how you figured the conversion rate.

If you take a credit for taxes paid, the conversion rate is the rate of exchange in effect on the day you paid the foreign taxes. If you choose to take the credit for accrued taxes, the conversion rate is the rate of exchange in effect on the last day of your tax year. However, if a different rate is in effect on the day you take the credit, you may actually pay, use the rate in effect on the day you pay the tax. If you have to pay a foreign tax on a date other than the day you take the credit, you must file Form 1040X, Amended U.S. Income Tax Return, and attach an amended return immediately to notify the IRS that the amount of your U.S. tax for the year or years affected can be changed. You must also file an amended return if you claimed a credit for foreign taxes actually paid (in U.S. dollars) and the amount of income subject to the credit on your U.S. tax return.

Note. If you do not notify the IRS of a foreign tax credit for the type of income subject to the credit, you may have to pay a penalty. See sections 6651 and 6652 for more information.

Line-by-Line Instructions

Part I.—Taxable Income From Sources Outside the United States

Page 2

Source of income.—Source rules are discussed in detail in sections 861 through 865. Some general rules are:

- The source of compensation is generally where the services are performed.
- The source of interest income is generally the location of the payer.
- Generally, dividends are sourced where the paying corporation is incorporated.
- Rents and royalties are sourced where the property is used.

There are new source rules for sales of property in tax years beginning after 1986. Income from the sale of nondepreciable personal property is sourced in the country of the seller's residence. There is a special rule, however, for U.S. citizens and resident aliens who sell personal property while maintaining a home abroad. Any gain from such sales may be treated as income sourced only if a tax of at least 10% of the gain is paid to a foreign country. Income from the sale of inventory is generally sourced where the title to the property passes. The portion of gain from the sale of depreciable personal property used in a trade or business that reflects allowable depreciation deductions and gain to the extent of amortization deductions from the sale of intangible property, such as a patent, copyright, trademark, or similar property, is sourced where the original deductions with respect to the property were sourced. For depreciable personal property, gain in excess of these depreciation deductions is sourced as if the property were inventory. For intangible property, gain in excess of amortization deductions is sourced under the general residence of the seller rule if the payments are not contingent on the productivity, use, or disposition of the intangible property, and under the place of use rule for royalties if the payments are contingent on the productivity, use, or disposition of the intangible property. For more information and special rules for sales by nonresidents.

See section 863(c) for the rules regarding the source of income attributable to transportation services that begin or end in the United States. For U.S. possession (see section 863(d) for rules regarding income from ocean activities).

Part of the following types of income derived from a U.S. owned foreign corporation that has income from U.S. sources may be required to be treated as U.S. source income.

- Subpart F income including company income that is included in gross income.
- Dividends.

Line 1.—Income from sources outside the United States (as defined in section 951(b)), includes income under Subpart F, income from which a dividend is paid to a noncontrolled source 902 corporation, this income is subject to a separate limitation category in section 902. Form 1116 includes only income which corresponds to the separate limitation category of income of the box checked on line 1. Income from sources outside the United States which is income in that category that is from sources within the country entered above line 1 that is taxable by the United States whether or not it is taxable by that country. Do not include income from a DISC or a dividend from a noncontrolled source 902 corporation in general limitation income. Common examples of general limitation

income are:

- Income earned abroad, see Publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad. Example: If you received dividends (passive income) and wages (general limitation income) from a foreign source, you must complete two Forms 1116. On one Form 1116, enter the dividends on line 1, and complete the rest of the form. On the other Form 1116, enter wages on line 1, and complete the rest of the form.

See the instructions for Part IV for information on summarizing the separate credits.

Some of the separate limitation categories and the income generally contained in each are:

- Passive income.**—Passive income generally includes dividends, interest, royalties, rents, and annuities. It also includes gain from the sale of non-income producing investment property and gains from commodities transactions (except hedging transactions and active business gains or losses of producers, processors, merchants, or handlers of commodities).

Passive income does not include gain from the sale of inventory or property held primarily for sale to customers in the ordinary course of your trade or business. Passive income also does not include foreign oil and gas extraction income, export financing interest, active business rents and royalties from unrelated persons, or high-income oil income (see High Taxed Income below).

- High Withholding Tax Interest.**—A separate limitation has been established for foreign interest that is subject to a foreign withholding or gross basis tax of 5% or more in section 904(b)(2)(B). Excess interest generated by the high withholding tax interest limitation may not be carried back from 1987 to a prior year.

- Financial Services Income.**—Financial services income generally includes income derived from the active conduct of a banking, financing, or similar business, or from the investment in a business of a company of its unearned premiums or reserves. An entity that is predominantly engaged in the business of banking, insurance, financing, or a similar business, treats its passive income as financial services income.

- Shipping Income.**—Shipping income is defined in section 954(c) and generally includes income that is passive income in connection with the use (hiring or leasing) of any aircraft or vessel in foreign trade.

- Dividends From Each Noncontrolled Source 902 Corporation.**—If a U.S. shareholder is a resident of the United States, includes income under Subpart F, income from which a dividend is paid to a noncontrolled source 902 corporation, this income is subject to a separate limitation category in section 902. Form 1116 includes only income which corresponds to the separate limitation category of income of the box checked on line 1. Income from sources outside the United States which is income in that category that is from sources within the country entered above line 1 that is taxable by the United States whether or not it is taxable by that country. Do not include income from a DISC or a dividend from a noncontrolled source 902 corporation in general limitation income. Common examples of general limitation

Foreign earned income excluded on Form 2555.

The deduction for personal exemptions is not allowed in figuring taxable income for this purpose. See Publication 514 for an example.

If you have interest expense incurred in a trade or business (section 163(h)(2)(A)), investment interest expense (section 163(h)(2)(B)), or interest expense incurred in a passive activity (section 163(h)(2)(C)), special interest expense allocation rules may apply. Special allocation rules also apply with respect to an individual's U.S. partnership interest if the individual is a general partner or has a 10% or greater interest in a partnership. If you have interest expense in excess of \$5,000, interest expense may be allocated entirely to domestic source income. See Proposed Regulations section 1.6611-6(c)(4)(v) and (v) for more information.

Part II.—Foreign Taxes Paid or Accrued.

You may take the credit in the tax year you paid or accrued the taxes, depending upon your method of accounting. If you report on the cash basis, you may choose to take the credit for accrued taxes. Do this by checking "accrued" box in Part II of Form 1116. Once you choose to do this, however, you must credit foreign taxes in the year they accrue on all future returns.

Enter in Part II the amount of foreign taxes which relate to the category of income taxes checked above Part I. Taxes are related to the income if the income is included in the base to which the tax is imposed. If the foreign tax you paid or accrued relates to more than one category of income, you must apportion the tax among the categories. The apportionment is based on the ratio of the net foreign taxable income for each category to the net income subject to the foreign tax. For more information, see Proposed Regulations section 1.904-6(c).

Tax of Credits.—You must verify payment or accrual of each item of foreign tax which you take a credit for by attaching to Form 1116 either a receipt of you paid the tax or a copy of the foreign tax return on which the tax is based (if you accrued, but did not pay the tax). Include a certified translation if the return is in a foreign language. The IRS may accept secondary evidence of foreign taxes paid or accrued if you can show that it is correct to provide a receipt, return, or direct evidence of tax withheld.

Taxpayers claiming a credit for Virgin Islands taxes under section 932(b) should not attach a copy of their Virgin Islands tax return to Form 1116. These taxpayers should check the box above line 1 in Part III and attach Form 5699.

If you take a credit for tax accrued but not paid, IRS may send you a send a bond for the amount of the tax liability.

Part III.—Computation of Foreign Tax Credit.

Line 2.—You may carry back 2 years and carry forward 5 years the taxes you paid or accrued to any foreign country or U.S. possession (reduced as described below) that are most beneficial to you. First, apply the excess to the earliest of the 7 years to which it may be carried back. Then apply the excess to the next earliest year, and so on. The 7 year carryback and carryover period may not be carried back or forward if the credit is taken in a credit in one of the intervening years.

If you did not take a credit in a tax year to which the excess can be carried, the amount considered used in that year in the same way as though you had claimed a credit.

Carryovers of taxes on income subject to a separate limitation from tax years before 1987 are generally treated as taxes paid or accrued for purposes of the general limitation income category in 1987. However, taxes from tax years before 1987 which were unused by reason of the general limitation may be treated as paid or accrued for purposes of the financial services or shipping income limitation category in 1987 if the taxpayer establishes that these taxes were in fact paid or accrued with respect to that type of income. See Notice 87-6.

1987, 31 R. B. 8. For more information, see Proposed Regulations section 1.904-6(c).

Excess foreign taxes from tax years beginning after 1986 may be carried back to a year before 1987 only to the extent that they could have been carried back if the taxpayer had used the U.S. tax rate in effect on October 21, 1986. Amounts carried back under this rule are treated as related to the general limitation category.

Special rules apply to the carryback and carryover of foreign taxes paid or accrued on foreign oil-related income. See sections 901(a)(2) and (3).

File Form 1040X or an amended return, and a revised Form 1116 for each tax year to which you are carrying back the excess foreign tax credit.

Line 4.—You may have to reduce the foreign taxes you paid or accrued by the following items:

- Taxes on income excluded on Form 2555.—Reduce taxes paid or accrued by the taxes allocated to foreign earned income excluded on Form 2555. If only part of your income is excluded, you must reduce the taxes paid or accrued by the amount of the taxes allocated to the excluded income, multiply the foreign taxes paid or accrued on foreign earned income received or accrued during the tax year by a fraction. The numerator of the fraction is the foreign earned income excluded for the tax year.

less otherwise deductible expenses, allocable to that income. The denominator is the total foreign taxes paid or accrued during the tax year less deductible expenses allocable to that income. The comprehensive example in Publication 514 shows how to figure the allocation ratio.

If the foreign tax changes tax on foreign earned income and some other income (for example, earned income from U.S. sources), the type of income not subject to U.S. tax and the taxes on the other income cannot be segregated. The denominator is the total foreign tax income subject to foreign tax less deductible expenses allocable to that income.

Taxes on Foreign Oil and Gas Extraction Income.—Reduce taxes paid or accrued on foreign oil and gas extraction income as provided by section 907(a).

See section 907(c)(4) for the rules regarding the characterization of foreign oil and gas extraction losses.

Taxes on Foreign Mineral Income.—Reduce taxes paid or accrued on mineral income from a foreign country or U.S. possession if you get a deduction for percentage depletion under section 613 for any part of the mineral income.

Reduction for Failure to File Form 5471.—U.S. shareholders who control a foreign corporation must file Form 5471, Information Return With Respect to a Foreign Corporation. If by the due date of your income tax return you do not file Form 5471, you must reduce by 10% all foreign taxes that you otherwise may take into account for the foreign tax credit. You may have to make additional reductions if the failure continues.

Note. The reduction on foreign taxes is reduced by any dollar penalty imposed under section 6230(b).

Reduction of Credit for International Boycott Operations.—In general, if you agree to participate in, or cooperate with an international boycott, see Form 5713, International Boycott Report, to reduce either the total taxes available for credit or the credit otherwise allowed.

Special rules apply to the carryback and carryover of foreign taxes paid or accrued on foreign oil-related income. See sections 901(a)(2) and (3).

File Form 1040X or an amended return, and a revised Form 1116 for each tax year to which you are carrying back the excess foreign tax credit.

Line 4.—You may have to reduce the foreign taxes you paid or accrued by the following items:

- Taxes on income excluded on Form 2555.—Reduce taxes paid or accrued by the taxes allocated to foreign earned income excluded on Form 2555. If only part of your income is excluded, you must reduce the taxes paid or accrued by the amount of the taxes allocated to the excluded income, multiply the foreign taxes paid or accrued on foreign earned income received or accrued during the tax year by a fraction. The numerator of the fraction is the foreign earned income excluded for the tax year.

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If you can figure the taxes specifically for boycott operations, enter the amount on Part III, line 4.

However, if you cannot figure the amount of taxes attributable to boycott operations, multiply the credit otherwise allowable by the international boycott factor. Enter the result on Part IV, line 10.

For more information, see Form 5713 and its instructions.

If any of the above items apply to you, attach a statement showing in detail how you figured the reduction. Enter the total amount to be subtracted from your foreign taxes on line 4.

Line 6a.—The amount on line 6a is your foreign income from sources outside the U.S. before reduction for allocated foreign losses from other separate limitation categories. If the amount on line 6a is a loss, skip lines 7 through 13. You have no foreign tax credit for the type of income you checked on line 6. If income is shown on line 6a, go on to line 6b.

Line 6b.—The Tax Reform Act of 1986 changed the treatment of losses in computing foreign tax credit. Beginning in 1987, a foreign loss in one separate limitation category must first proportionately reduce foreign income in other separate limitation categories before it is used to offset U.S. source income. The loss is allocated to the other categories of income on a pro rata basis.

Enter on line 6b, the pro rata share of any foreign loss from another separate limitation category. However, if this is the only Form 1116 you are completing, enter zero on line 6b. See Publication 514 for more information.

Line 7.—In general, an "overall foreign loss" is the result you get by subtracting the gross income from the total deductions applicable to such income. However, see section 904(f) for certain losses not taken into account and special rules governing dispositions of property used mainly outside the United States in a trade or business. Also see section 904(f) if you received an accumulation distribution from a foreign trust.

Special rules apply to the carryback and carryover of foreign taxes paid or accrued on foreign oil-related income. See sections 901(a)(2) and (3).

File Form 1040X or an amended return, and a revised Form 1116 for each tax year to which you are carrying back the excess foreign tax credit.

Line 4.—You may have to reduce the foreign taxes you paid or accrued by the following items:

- Taxes on income excluded on Form 2555.—Reduce taxes paid or accrued by the taxes allocated to foreign earned income excluded on Form 2555. If only part of your income is excluded, you must reduce the taxes paid or accrued by the amount of the taxes allocated to the excluded income, multiply the foreign taxes paid or accrued on foreign earned income received or accrued during the tax year by a fraction. The numerator of the fraction is the foreign earned income excluded for the tax year.

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Column 2.—Report all dividends (before gross up) from sources without the U.S., including constructive distributions under section 951. See section 861(a)(2)(A) for treatment of dividends from a foreign corporation less than 20 percent of whose gross income is derived from sources within the U.S. See section 861(a)(2)(B) for treatment of dividends from a foreign corporation 50 percent or more of whose gross income was effectively connected with the conduct of a trade or business within the U.S.

Column 3.—Enter the dividend gross-up for taxes deemed paid. See General Instruction H(5) for an explanation.

Column 4.—If interest is excluded from section 904(a) interest by virtue of section 904(c)(2)(C) or (D), attach a schedule showing in detail the manner in which the 10% direct or indirect ownership requirements are met.

Column 5.—Include gross income, whether in the form of compensation, commissions, fees, or otherwise derived from the performance of technical, managerial, engineering, construction, scientific or similar services. Do not include gross income from services performed through a foreign branch.

Column 6.—If there is a gain on the sale or exchange of capital assets from sources outside the U.S., enter the entire amount of the gain in column 7. Also, see the instruction for column 11(d).

If there is a net capital loss or short-term capital loss from sources outside the U.S., see instruction K(2) for the reduction required in certain cases.

Column 8.—Include all other gross income from sources without the U.S., except gross income of foreign branches and gross income from activities described in section 863(b). Attach a schedule identifying the gross income by type and by foreign country or U.S. possession of source.

Column 11(a).—Include all other deductions definitely allocable to income from sources without the U.S. (dividends, interest, etc.) except deductions allocable to income of foreign branches and section 863(b) income.

Report the reduction of foreign source net capital gain here. (See instruction K(2).)

Column 12.—Section 862(b) provides that a taxable part of expenses, losses, and other deductions which cannot definitely be allocated to some item or class of gross income shall be deducted from gross income from sources without the U.S. in arriving at taxable income from sources without the U.S. Report in column 12

only that taxable part which applies to gross income reported in columns 2 through 9. Attach a schedule showing in detail the determination of this taxable part.

Column 14.—Attach a schedule showing in detail the determination of taxable income or (loss) of each foreign branch. Include, for each foreign branch, an income statement, balance sheet, and schedule of midyear remittances.

Column 15.—Section 863(b) and the regulations thereunder provide special rules for determining taxable income from sources without the U.S. with respect to gross income derived partly within and partly without the U.S. Report in column 15 taxable income or (loss) apportioned to sources without the U.S. under these special rules. (Taxable income of foreign branches from sources without the U.S. determined under these special rules should be reported in column 14, not column 15.) Attach a schedule showing gross income, definitely allocable deductions, the taxable part of deductions not definitely allocable, and the apportionment of taxable income to sources within and without the U.S.

Schedule B

Part I.—Foreign Taxes Paid or Accrued and Deemed Paid Have Been Paid

All applicable columns in Schedule B, Part I, must be completed line by line, including the "Totals" line.

Report only foreign taxes paid or accrued and deemed paid with respect to the type of income for which Form 1118 is being completed.

Column 1.—If you claim a credit for foreign taxes accrued, show both the date accrued and the date paid (if paid). (See General Instruction I.)

Column 2.—Enter the type of tax (income, war profits, or excess profits).

Column 4.—Enter foreign taxes paid or accrued on the line for the country or U.S. possession imposing the tax. Report all amounts in U.S. dollars. If amounts were converted from foreign currency, attach a schedule showing in detail how the conversion rates were determined. See General Instruction G for proof of credits required.

Include in column 4(g) tax withheld at source on income other than dividends, interest, rents, royalties, and license fees, and all other foreign taxes paid or accrued. Do not include taxes deemed to have been paid, which are reported in column 5.

Column 5.—Enter the tax deemed paid to each foreign country or U.S. possession from column 1, Schedule C.

Part III.—Summary of Credits from Schedule Forms 1118

Complete Schedule B, Part III on only one Schedule B, Part III, line 15 of the separate Form 1118 on lines 1 through 5, Part III.

Schedule C

Computation of Taxes Deemed to Have Been Paid by Domestic Corporation Filing This Return

Column 2.—If dividends are from the accumulated profits of more than 1 year, the tax deemed to have been paid must be computed and shown on a separate line for each year.

Computations under section 902(a) and 904(a) for a first-tier foreign corporation, even though for the same year, must be made on separate lines. Further, separate lines must be used for computations under sections 902(a) and 904(a) with respect to the foreign income taxes deemed paid by a first-tier foreign corporation under section 902(b)(1). (See General Instruction H(3).)

Column 3.—If computation is for a second-tier or third-tier foreign corporation under section 904(a), also indicate (in parentheses) the country of incorporation of the first-tier foreign corporation of such second-tier or third-tier foreign corporation.

Column 5.—The gains, profits, and income are determined by the gains, profits, and income from all sources, whether or not subject to foreign tax, for the year from which the dividends (column 2) were paid. Column 6.—See General Instruction G for proof of credit required, and General Instruction H(3) for reduction of foreign taxes for failure to furnish information required under section 6038.

See General Instruction H(3) for exclusions from the earnings and profits of applying sections 902(a) and 904(a) with respect to the foreign income taxes deemed paid by such first-tier foreign corporation under section 902(b)(1).

Column 8.—Enter the amount of dividends: (1) paid or constructively distributed by the related foreign corporation; and (2) paid or deemed distributed by the DISC or former DISC to the domestic corporation.

See General Instruction H(3) for certain distributions made by a first-tier foreign corporation to the domestic corporation which are not treated as dividends for purposes of applying section 902(a) with respect to the foreign income taxes deemed paid by such first-tier foreign corporation under section 902(b)(1).

For purposes of section 902, IRS may determine from which year's accumulated profits the dividends were paid. In making the determination, IRS will, unless it is otherwise established to its satisfaction, treat any dividends which are paid in the first 60 days of any tax year as having been paid from the accumulated profits of the preceding tax year or years, and will treat dividends which are paid after the first 60 days of any tax year as having been paid from the most recently accumulated profits.

Schedule D

Computation of Tax Deemed to Have Been Paid by First-Tier Foreign Corporations

Column 1.—Enter the name of the second-tier foreign corporation and its related first-tier foreign corporation.

Column 2.—If dividends are from accumulated profits of more than 1 year, the tax deemed to have been paid must be computed and shown on a separate line for each year.

Column 5.—Same as Schedule C, column 6.

Column 7.—Enter the amount of dividends paid by the second-tier foreign corporation to the first-tier foreign corporation to which section 902(b)(1) applies.

Column 10.—Carry the amount of tax deemed to have been paid to Schedule C, column 5 and enter on the line for the first-tier foreign corporation.

Schedule E

Computation of Tax Deemed to Have Been Paid by Second-Tier Foreign Corporations

Column 1.—Enter the name of the third-tier foreign corporation and its related second-tier foreign corporation.

Column 2.—Same as Schedule C, column 6.

Column 7.—Enter the amount of dividends paid by the third-tier foreign corporation to the second-tier foreign corporation.

Column 10.—Carry the amount of tax deemed to have been paid to Schedule D, column 7 and enter on the line for the appropriate year of the related second-tier foreign corporation.

Schedule F

Computation of Reduction of Oil and Gas Extraction Taxes

Attach Schedule F (Form 1118) if you claimed any foreign oil and gas extraction income during the tax year.

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Computation of Reduction of Oil and Gas Extraction Taxes

Schedule F (Form 1118) (Rev. 2-83)

Part II.—Computation of Reduction Under Section 907(a)

- Total taxable income (From Part I, column 11, "Totals" line)
- Line 1 times 46%
- Total taxes (From Part I, column 14, "Totals" line)
- Carryover or carryback under section 907(f) (Attach schedule)
- Total taxes before reduction (Line 3 plus line 4)
- Reduction: subtract line 2 from line 5; if less than zero, enter zero. Enter here and on Form 1118, Schedule B, Part II, line 3

General Instructions

(References are to the Internal Revenue Code)

A. Corporations Required to File Schedule F (Form 1118).—Complete Schedule F (Form 1118) if you claim a credit for any income, war profits, and excess profits taxes paid, accrued, or deemed to have been paid during the tax year with respect to foreign oil and gas extraction income. (Section 907(a).)

B. Method of Reporting.—Report all amounts in U.S. dollars. If it is necessary to convert from foreign currency, attach a statement explaining how you determined the rate.

Specific Instructions

attributable to foreign oil and gas extraction income. (Section 907(c)(3)(C).)

Column 6.—Enter your distributive share of partnership income to the extent that such share is attributable to foreign oil and gas extraction income. (Section 907(c)(3)(D).)

Columns 12 and 13.—The attached schedule must show in detail the determination of the amount of foreign taxes paid, accrued, or deemed paid with respect to foreign oil and gas extraction income.

Part II

Line 1.—See section 907(c)(4) for the recharacterization of foreign oil and gas extraction losses for tax years beginning after 1982.

Line 6.—Carry the amount from line 6 to line 3, Part II, Schedule B of the Form 1118 on which the credit with respect to all other income from sources outside the U.S. is being computed.

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Forms and Instructions

Form 1118
(Rev. February 1989)
Department of the Treasury
Internal Revenue Service

Computation of Foreign Tax Credit—Corporations

For calendar year 19... or other tax year beginning... 19... and ending... 19...

OMB No. 1545-0122
Expires 12-31-91

Name... Employer identification number...

This form is being completed for credit with respect to: (Use a separate Form 1118 for each separate limitation category. See Specific Instructions.)

☐ Passive Income
☐ High Withholding Tax Interest
☐ Financial Services Income
☐ Shipping Income
☐ Dividends From a DISC or Former DISC
☐ Taxable Income Attributable to Foreign Trade Income
☐ Certain Distributions From a FSC or Former FSC
☐ All Other Income From Sources Outside the U.S. (General Limitation Income)
☐ Dividends From Each Noncontrolled Section 902 Corporation (see Specific Instructions).

Schedule A Computation of Separate Limitation Income or (Loss) Before Adjustments

1. Foreign Country or U.S. Possession (Enter the name of the country or possession and the name of the corporation in the space provided below.)

2. Dividend Income (See Specific Instructions)

3. Other Income

4. Interest

5. Gross Rental Income and License Fees

6. Gross Income from Production of Minerals

7. Other Income (See Instructions)

8. Total (Add lines 2 through 7)

9. Deductible Expenses (See Specific Instructions)

10. Total (Add lines 8 and 9)

11. Total (Add lines 10 and 11)

12. Total (Add lines 11 and 12)

For Paperwork Reduction Act Notice, See Page 1 of the Instructions.

Form 1118 (Rev. 2-89)

Form 1118 (Rev. 2-89)

Schedule B Foreign Taxes Paid or Accrued and Deemed To Have Been Paid

1. Country or U.S. Possession (Enter the name of the country or possession and the name of the corporation in the space provided below.)

2. Foreign Tax Paid or Accrued (Attach schedule showing amounts in foreign currency and compute credit value)

3. Tax Deemed To Have Been Paid (From Schedule C, Part I, column 10)

4. Total Foreign Tax Paid or Accrued and Deemed To Have Been Paid (Add lines 2 and 3)

5. Total (Add lines 4 and 5)

Part II—Computation of Foreign Tax Credit

1. Total foreign taxes paid or accrued (from Part I, column 2, "Totals" line)

2. Total taxes deemed to have been paid (from Part I, column 3, "Totals" line)

3. Reduction of taxes paid, accrued or deemed paid—Enter total from Part II, Schedule G

4. Carryback or carryover (attach schedule showing computation in detail—see Specific Instructions)

5. Total foreign taxes (combine lines 1 through 4)

Calculation of Limitation of Foreign Tax Credit:

6. Numerator of Limitation Fraction.—If you are required to complete Schedule J, enter the result from the applicable column of line 11, Part I, Schedule J. If you are not required to complete Schedule J, enter the result from the "Totals" line of column 12 of the applicable Schedule A

7a. Total taxable income from all sources (enter taxable income from your tax return)

b. Adjustments to line 7a (see Specific Instructions)

c. Denominator of Limitation Fraction.—Subtract line 7b from line 7a

d. Divide line 6 by line 7c (if line 6 is greater than line 7c, enter the figure "1")

9. Total U.S. income tax against which credit is allowed (after section 936 credit but before any other credit)

10. Limitation (multiply line 8 by line 9)

11. Foreign tax credit (enter the lesser of line 5 or line 10 here and on the appropriate line of Part III.)

Part III—Summary of Credits from Separate Forms 1118

1. Credit with respect to passive income

2. Credit with respect to high withholding tax interest

3. Credit with respect to financial services income

4. Credit with respect to shipping income

5. Credit with respect to dividends from each noncontrolled section 902 corporation (combine all such credits on this line)

6. Credit with respect to dividends from a DISC or former DISC

7. Credit with respect to taxable income attributable to foreign trade income

8. Credit with respect to certain distributions from a FSC or former FSC

9. Credit with respect to all other income from sources outside the United States (General Limitation Income)

10. Total (add lines 1 through 9)

11. Reduction in credit for international boycott operations (see Specific Instructions)

12. Total foreign tax credit (subtract line 11 from line 10). Enter here and on your tax return

Forms and Instructions

Form 1118 (Rev. 2-89)

Schedule C Computation of Tax Deemed To Have Been Paid by Domestic Corporation Filing Return—Report all amounts in U.S. dollars unless otherwise specified.

This schedule is used to compute the tax deemed to have been paid by the corporation with respect to actual distributions from a first-tier foreign corporation under section 902(a), and deemed distributions from a first-tier, second-tier, or third-tier foreign corporation under section 960(a).

Part I—Distributions from Post-1986 Earnings and Profits

1. Name of Corporation (Include DISC and former DISC)

2. Tax Year (Enter the year for which the tax is being computed)

3. Incorporated (Under the laws of the United States or a foreign country) (Enter country code)

4. Foreign Taxes Paid or Accrued on E & P (Enter the amount in U.S. dollars)

5. Taxes Deemed Paid (from Schedule D, Part I, column 9)

6. Add Columns 4 and 5

7. Dividends Paid and Deemed Paid (Enter the amount in U.S. dollars)

8. Dividend Credit (Enter the amount in U.S. dollars)

9. Tax Deemed Paid (Multiply column 8 by column 9)

Part II—Distributions from Pre-1987 Earnings and Profits

1. Name of Corporation (Include DISC and former DISC)

2. Tax Year (Enter the year for which the tax is being computed)

3. Incorporated (Under the laws of the United States or a foreign country) (Enter country code)

4. E & P for Tax Year (Enter the amount in U.S. dollars)

5. Foreign Taxes Paid or Accrued on E & P (Enter the amount in U.S. dollars)

6. Taxes Deemed Paid (from Schedule D, Part I, column 9)

7. Add Columns 5 and 6

8. Dividends Paid and Deemed Paid (Enter the amount in U.S. dollars)

9. Dividend Credit (Enter the amount in U.S. dollars)

10. Tax Deemed Paid (Multiply column 8 by column 9)

Total—Add lines and include result here and on "Totals" line of Schedule B, Part I, column 3

Form 1118 (Rev. 2-89)

Form 1118 (Rev. 2-89)

Schedule D Computation of Tax Deemed To Have Been Paid by First-Tier Foreign Corporations—Report all amounts in U.S. dollars unless otherwise specified.

This schedule is used to compute the tax deemed to have been paid by a first-tier foreign corporation with respect to dividends from a second-tier foreign corporation under section 902(b)(1).

Part I—Distributions from Post-1986 Earnings and Profits

1. Name of Corporation (Include DISC and former DISC)

2. Tax Year (Enter the year for which the tax is being computed)

3. Incorporated (Under the laws of the United States or a foreign country) (Enter country code)

4. E & P for Tax Year (Enter the amount in U.S. dollars)

5. Foreign Taxes Paid or Accrued on E & P (Enter the amount in U.S. dollars)

6. Taxes Deemed Paid (from Schedule C, Part I, column 9)

7. Add Columns 5 and 6

8. Dividends Paid and Deemed Paid (Enter the amount in U.S. dollars)

9. Dividend Credit (Enter the amount in U.S. dollars)

10. Tax Deemed Paid (Multiply column 8 by column 9)

Part II—Distributions from Pre-1987 Earnings and Profits

1. Name of Corporation (Include DISC and former DISC)

2. Tax Year (Enter the year for which the tax is being computed)

3. Incorporated (Under the laws of the United States or a foreign country) (Enter country code)

4. E & P for Tax Year (Enter the amount in U.S. dollars)

5. Foreign Taxes Paid or Accrued on E & P (Enter the amount in U.S. dollars)

6. Taxes Deemed Paid (from Schedule C, Part I, column 9)

7. Add Columns 5 and 6

8. Dividends Paid and Deemed Paid (Enter the amount in U.S. dollars)

9. Dividend Credit (Enter the amount in U.S. dollars)

10. Tax Deemed Paid (Multiply column 8 by column 9)

Total—Add lines and include result here and on "Totals" line of Schedule B, Part I, column 3

Form 1118 (Rev. 2-89)

[illegible]

columns (a)(x) and (a)(xi) have been modified (including a substitution of "14% for 30%") and are to be used for both the column (a) sales method and the column (b) gross income method.

As a result of TAMRA section 4009, for your first year that begins after 8/1/87, you must complete Schedule H twice. On the first schedule, complete only column (a) OR column (b) of Part I for the one third or greater percentage if you are filing a short period return of qualified R&D deductions to be allocated and apportioned under the rules set forth in TAMRA section 4009. On the second schedule, complete column (a) OR column (b) of Part I for the remaining two thirds (or lower percentage if you are filing a short period return) of qualified R&D deductions to be allocated and apportioned under the rules described above. (See Temporary Regulations section 1.861-11(d)(4)(ii) for the definition of "qualified R&D deductions.") When completing column (c) of the second Schedule H, add all of the column (a) or (b) amounts from both schedules. Complete Part II of the second schedule using the rules described above.

Part II—Interest Deductions, All Deductions, and Total Deductions

Columns (a)(i) through (b)(i)
Use these columns to apportion your interest deductions. The rules regarding the apportionment of interest deductions are outlined in Regulations section 1.861-8 and Temporary Regulations section 1.861-8T. Columns (a)(i) and (b)(i) are subdivided into "Non-Financial Corporations" and "Financial Corporations." (See Temporary Regulations section 1.861-11(d)(4)(ii) for the definition of "financial corporations.") Temporary Regulations section 1.861-11(d)(4)(ii) explains that, for purposes of allocating interest deductions, members of an affiliated group that are financial corporations must be treated as a separate affiliated group. Therefore, complete columns (a)(i) and (b)(i) for members of your affiliated group that are "financial corporations" and columns (a)(ii) and (b)(ii) for members of your affiliated group that are non-financial corporations.

Columns (a)(ii) and (b)(ii)
Line 1a.—Enter the "average" of the total assets of your affiliated group. See Temporary Regulations section 1.861-9(g)(2) for the definition of "average" for these purposes.
Line 1b.—Temporary Regulations section 1.861-10(e) sets forth an exception to the general rule of fungibility for excess related party indebtedness. Enter on line 1b the portion of the assets included on line 1a that is characterized as excess related party indebtedness.
Line 1c.—Temporary Regulations section 1.861-10(f) lists other exceptions to the general rule of fungibility (such as qualified nonrecourse indebtedness and integrated financial transactions). Enter on line 1c the portion of all other assets that attract specifically allocable interest deductions.
Line 1d.—Enter the total of the exempt assets and assets without directly attributable yield that are to be excluded from the interest apportionment formula as specified in Temporary Regulations section 1.861-8T(c)(2) and 1.861-8T(c)(3).

Lines 3a through 3h.—For purposes of the apportionment of interest expense, the assets on line 2 are characterized as assets in one of the statutory groupings or as belonging to the residual grouping. The rules for the characterization of assets are set forth in Temporary Regulations section 1.861-9T(c)(3), 1.861-12T(c)(2) and 1.861-12T(c)(2). On lines 3a through 3h, enter the value of the assets in each of the statutory groupings.
Line 4.—Add lines 3a through 3h. Note: This total will generally be less than the total assets on line 2 because this line 4 total does not include the assets that are implicitly apportioned to the residual grouping.
Columns (a)(iii) and (b)(iii)
Line 1a.—Enter the total interest deductions for the members of your affiliated group. Temporary Regulations section 1.861-9T(a) states that your total interest deductions include: (1) any expense that is currently deductible under section 163 (including original issue discount), and (2) "interest equivalents" (as defined in Temporary Regulations section 1.861-9T(b)) that are currently deductible. Temporary Regulations section 1.861-9T(b) lists the sections that disallow or suspend interest deductions or that require the capitalization of interest deductions.
Line 1b.—Enter the interest deductions associated with the assets on line 1d of columns (a)(i) and (b)(i), respectively, that attract specifically allocable interest deductions under Temporary Regulations section 1.861-10T(e). Note: These interest deductions will be divided among the statutory groupings and will appear as a directly allocable deduction in Schedule A, column 9(c).
Line 1c.—Enter the interest deductions associated with the assets on line 1c of columns (a)(i) and (b)(i), respectively, that attract specifically allocable interest deductions.
Line 1d.—Enter the total amount of interest deductions that are allowed transition relief under the Tax Reform Act of 1986 and under TAMRA. Note: A portion of these interest deductions may be apportioned to the various statutory groupings. If so, it is to be included on lines 3a through 3h of these columns as explained below.
Lines 3a through 3h.—To determine the amount of interest deductions to be apportioned to each statutory grouping, divide the assets apportioned to the statutory grouping by the total assets apportioned and multiply the result by the interest deductions to be apportioned. Add to this amount the interest deductions that are apportioned to this category under the transition rules.
Example 1.—To determine the amount to be entered on line 3a, column (b)(iii), you must: (1) Divide the amount you entered on line 3a, column (a)(iii) by the amount you entered on line 2, column (a)(ii). (2) Multiply the result by the amount you entered on line 2, column (b)(iii). (3) Add any amount that is apportioned to this category under the transition rules.
Example 2.—To determine the amount to be entered on line 3b, column (b)(iii), you must: (1) Divide the amount you entered on line 3b, column (a)(iii) by the amount you entered on line 2, column (a)(ii). (2) Multiply the result by the amount you entered on line 2, column (b)(iii). (3) Add any amount that is apportioned to this category under the transition rules.

the statutory groupings or as belonging to the residual grouping. The rules for the characterization of assets are set forth in Temporary Regulations section 1.861-9T(c)(3), 1.861-12T(c)(2) and 1.861-12T(c)(2). On lines 3a through 3h, enter the value of the assets in each of the statutory groupings.

Line 4.—Add lines 3a through 3h. Note: This total will generally be less than the total assets on line 2 because this line 4 total does not include the assets that are implicitly apportioned to the residual grouping.

Columns (a)(iii) and (b)(iii)
Line 1a.—Enter the total interest deductions for the members of your affiliated group. Temporary Regulations section 1.861-9T(a) states that your total interest deductions include: (1) any expense that is currently deductible under section 163 (including original issue discount), and (2) "interest equivalents" (as defined in Temporary Regulations section 1.861-9T(b)) that are currently deductible. Temporary Regulations section 1.861-9T(b) lists the sections that disallow or suspend interest deductions or that require the capitalization of interest deductions.
Line 1b.—Enter the interest deductions associated with the assets on line 1d of columns (a)(i) and (b)(i), respectively, that attract specifically allocable interest deductions under Temporary Regulations section 1.861-10T(e). Note: These interest deductions will be divided among the statutory groupings and will appear as a directly allocable deduction in Schedule A, column 9(c).
Line 1c.—Enter the interest deductions associated with the assets on line 1c of columns (a)(i) and (b)(i), respectively, that attract specifically allocable interest deductions.
Line 1d.—Enter the total amount of interest deductions that are allowed transition relief under the Tax Reform Act of 1986 and under TAMRA. Note: A portion of these interest deductions may be apportioned to the various statutory groupings. If so, it is to be included on lines 3a through 3h of these columns as explained below.
Lines 3a through 3h.—To determine the amount of interest deductions to be apportioned to each statutory grouping, divide the assets apportioned to the statutory grouping by the total assets apportioned and multiply the result by the interest deductions to be apportioned. Add to this amount the interest deductions that are apportioned to this category under the transition rules.
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Example 2.—To determine the amount to be entered on line 3b, column (b)(iii), you must: (1) Divide the amount you entered on line 3b, column (a)(iii) by the amount you entered on line 2, column (a)(ii). (2) Multiply the result by the amount you entered on line 2, column (b)(iii). (3) Add any amount that is apportioned to this category under the transition rules.

the statutory groupings or as belonging to the residual grouping. The rules for the characterization of assets are set forth in Temporary Regulations section 1.861-9T(c)(3), 1.861-12T(c)(2) and 1.861-12T(c)(2). On lines 3a through 3h, enter the value of the assets in each of the statutory groupings.

Line 4.—Add lines 3a through 3h. Note: This total will generally be less than the total assets on line 2 because this line 4 total does not include the assets that are implicitly apportioned to the residual grouping.

Columns (a)(iii) and (b)(iii)
Line 1a.—Enter the total interest deductions for the members of your affiliated group. Temporary Regulations section 1.861-9T(a) states that your total interest deductions include: (1) any expense that is currently deductible under section 163 (including original issue discount), and (2) "interest equivalents" (as defined in Temporary Regulations section 1.861-9T(b)) that are currently deductible. Temporary Regulations section 1.861-9T(b) lists the sections that disallow or suspend interest deductions or that require the capitalization of interest deductions.
Line 1b.—Enter the interest deductions associated with the assets on line 1d of columns (a)(i) and (b)(i), respectively, that attract specifically allocable interest deductions under Temporary Regulations section 1.861-10T(e). Note: These interest deductions will be divided among the statutory groupings and will appear as a directly allocable deduction in Schedule A, column 9(c).
Line 1c.—Enter the interest deductions associated with the assets on line 1c of columns (a)(i) and (b)(i), respectively, that attract specifically allocable interest deductions.
Line 1d.—Enter the total amount of interest deductions that are allowed transition relief under the Tax Reform Act of 1986 and under TAMRA. Note: A portion of these interest deductions may be apportioned to the various statutory groupings. If so, it is to be included on lines 3a through 3h of these columns as explained below.
Lines 3a through 3h.—To determine the amount of interest deductions to be apportioned to each statutory grouping, divide the assets apportioned to the statutory grouping by the total assets apportioned and multiply the result by the interest deductions to be apportioned. Add to this amount the interest deductions that are apportioned to this category under the transition rules.
Example 1.—To determine the amount to be entered on line 3a, column (b)(iii), you must: (1) Divide the amount you entered on line 3a, column (a)(iii) by the amount you entered on line 2, column (a)(ii). (2) Multiply the result by the amount you entered on line 2, column (b)(iii). (3) Add any amount that is apportioned to this category under the transition rules.
Example 2.—To determine the amount to be entered on line 3b, column (b)(iii), you must: (1) Divide the amount you entered on line 3b, column (a)(iii) by the amount you entered on line 2, column (a)(ii). (2) Multiply the result by the amount you entered on line 2, column (b)(iii). (3) Add any amount that is apportioned to this category under the transition rules.

Line 4.—Add the amounts on lines 3a through 3h. Note: This total will generally be less than the total interest deductions on line 2 because this line 4 total does not include the interest deductions that are implicitly apportioned to the residual grouping.

Column (c)
Complete this column to apportion all other deductions not definitely allocable (other than interest deductions and R&D deductions). Regulations section 1.861-8 and Temporary Regulations section 1.861-8T and 1.861-14T describe the apportionment of these "other" deductions.

Line 1a.—Enter the total amount of "other" deductions. Examples of these "other" deductions include: stewardship expenses; legal and accounting expenses; and other expenses related to certain supportive functions such as overhead, general and administrative, advertising and marketing.

Lines 3a through 3h.—Enter the amounts apportioned to each statutory grouping.
Line 4.—Add lines 3a through 3h. Note: This total will generally be less than the other deductions on line 2 because this line 4 total does not include the other deductions that are implicitly apportioned to the residual grouping.

Column (d)
Enter all other amounts as instructed. The results of lines 3a through 3h should be entered in column 10 of the corresponding Schedule A for each of these various limitations.
Computer Generated Schedules H.—You may submit computer generated Schedules H if they are in conformity with the IRS version of the schedule. For example, if you have more than two product lines (under the sales method of apportioning R&D deductions) OR if you received dividends from more than two noncontrolled section 800 corporations, you will have to expand the Schedule H to properly allocate deductions.

Schedule I Computation of Reduction of Oil and Gas Extraction Taxes

Attach Schedule I (Form 1118) if you are claiming a foreign tax credit with respect to any income taxes paid, accrued, or deemed to have been paid during the tax year with respect to foreign oil and gas extraction income.

Schedule J Separate Limitation Loss Allocations and Other Adjustments Necessary to Determine Numerators of Limitation Fractions, Year-End Recharacterization Balances and Overall Foreign Loss Account Balances

Attach Schedule J (Form 1118) to show the adjustments to separate limitation income or losses in determining the numerators of the limitation fractions for each separate limitation. The year-end balances of separate limitation losses that have yet to be recharacterized losses that are allocated against foreign loss accounts at the beginning of the tax year, any adjustments to the account balances, and the balances in your overall foreign loss accounts at the end of the tax year.

Foreign Country and U.S. Possession Codes.—Enter the following codes as requested in Schedule A, column 1; Schedule C, Part I, column 2; Schedule D, Part I, column 3; Schedule D, Part II, column 3; Schedule E, Part I, column 2; and Schedule E, Part II, column 3.

Schedule I, Part II, column 3							
Country	Code	Country	Code	Country	Code	Country	Code
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withhold taxes from these payments. This type of withholding is called "backup withholding." If the corporation has any payments, the corporation should show such payments in the blank space in the right-hand column between lines 31 and 32, page 1, Form 1120, and label the amount as backup withholding. The corporation should also include the amount in the total for line 32.

On Form 1120, include the amount of backup withholding in line 28, page 3, and write "backup withholding" and the amount in the margin.

5. Estimated Tax. A corporation must make estimated tax payments if it can expect its estimated tax liability (line 32) to be more than \$400 or \$500, whichever is greater. Use Form 1120-W, Estimated Tax, as a worksheet to compute estimated tax. Use the Payment Coupons (Form 8109) in making deposits of estimated tax.

If a corporation is the beneficiary of a trust, and the trust makes a section 643(g) election to credit its estimated tax payments to its beneficiaries, include the corporation's share of the estimated tax payment in the total amount entered on line 32b, Form 1120, in the blank space to the left of the entry space for line 32b, write "Sec. 643(g)" and the amount attributable to it. On Form 1120-A, include the corporation's share of the section 643(g) payment on line 28b and enter "Sec. 643(g)" as shown above for Form 1120.

If the corporation overpaid estimated tax, it may be able to get a "quick refund" by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply, file Form 4466 within 2 1/2 months after the end of the year and before the corporation files its tax return.

6. Timing Change in Deducting Accrued Expenses. Generally, an accrual basis taxpayer can deduct accrued expenses in the year that all events have occurred that determine the liability, and the amount of the liability can be figured with reasonable accuracy. However, generally all the events that establish liability for the amount are treated as occurring only when economic performance takes place. There are exceptions for recurring items. See section 461(h).

7. Rule of 78's Not an Acceptable Method of Figuring Interest. Taxpayers are reminded that, generally, the Rule of 78's is not an acceptable method for computing interest on loans and expenses. Anyone using the Rule of 78's on Form 1120, Revenue Procedure 82-27, 84-28, 84-29 and 84-30, (which are in the Instructions for Bulletin 1984-1) to change their method.

D. Interest and Penalties. Interest and penalties are described below. If a corporation fails to pay the tax when due, it may be liable for penalties unless it can show that failure to pay or pay was due to reasonable cause and not willful neglect.

1. **Interest.**—Interest is charged on taxes not paid by the due date, even if the

extension of time to file is granted. Interest is also charged on penalties imposed for failure to file, gross valuation overstatements, and understatement of tax from the due date (including extensions) to the date of payment. The interest charge is figured at a percentage under section 6621.

2. **Late Filing of Return.**—A corporation that fails to file its return when due (including extensions of time for filing) may be subject to a penalty of 5% a month or part of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed on the net amount of tax due. The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the amount of tax due or \$100.

3. **Late Payment of Tax.**—Generally, the penalty for not paying tax when due is 1/2% of the unpaid amount, up to a maximum of 25%, for each month or fraction of a month the tax remains unpaid. The penalty is imposed on the net amount due.

4. **Underpayment of Estimated Tax.**—A corporation that fails to make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty, the corporation must make estimated tax payments of at least 90% of the tax shown on the return. See section 6655.

If a corporation overpaid estimated tax, it may be able to get a "quick refund" by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply, file Form 4466 within 2 1/2 months after the end of the year and before the corporation files its tax return.

E. Other Forms, Returns, Schedules, and Statements That May Be Required.

1. **Forms.** A corporation may have to file any of the following:

Forms W-2 and W-3. Wage and Tax Statement. Form 990. Annual Summary and Transmittal of U.S. Information Returns. Form 1098. Mortgage Interest Statement. Form 1099. Dividend or Interest Statement. Form 1042. Dividend or Interest Statement.

Form 1099. Dividend or Interest Statement. Form 1042. Dividend or Interest Statement. Form 1099. Dividend or Interest Statement. Form 1042. Dividend or Interest Statement.

Form 1099-A, B, DIV, INT, MISG, OID, PATR, and R. Information returns for reporting distributions, acquisitions, sales, and other transactions from brokers, dealers, and other persons who have received certain dividends and distributions, interest payments, and other income from a trust, estate, or other person.

2. **Late Filing of Return.**—A corporation that fails to file its return when due (including extensions of time for filing) may be subject to a penalty of 5% a month or part of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed on the net amount of tax due. The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the amount of tax due or \$100.

3. **Late Payment of Tax.**—Generally, the penalty for not paying tax when due is 1/2% of the unpaid amount, up to a maximum of 25%, for each month or fraction of a month the tax remains unpaid. The penalty is imposed on the net amount due.

4. **Underpayment of Estimated Tax.**—A corporation that fails to make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty, the corporation must make estimated tax payments of at least 90% of the tax shown on the return. See section 6655.

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Form 1099. Dividend or Interest Statement. Form 1042. Dividend or Interest Statement. Form 1099. Dividend or Interest Statement. Form 1042. Dividend or Interest Statement.

current tax year and the loss to be reported on your tax return. Form 8582 applies to the consolidated return of a corporation and closely held corporations who have losses from passive activities.

2. **Consolidated Return.** The parent corporation of an affiliated group of corporations must attach Form 851, Consolidated Return, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122, Authorization to Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return.

3. **Information Returns.** A corporation included in the consolidated return. Use columns to show the following:

• Items of gross income and deductions.
• A computation of taxable income.
• Balance sheets as of the beginning and end of the year.
• A reconciliation of income per books with income per return.
• A reconciliation of retained earnings and consolidated balance sheets and a reconciliation of consolidated retained earnings.

3. **Statements.** Stock ownership in foreign corporations.—Attach the required statement to Form 1120 if the corporation owned 5% or more in value of the outstanding stock of a foreign person during the year and the corporation was required to file a return for that year. Attach the statement to Form 1120 if the corporation was required to file a return for that year. Attach the statement to Form 1120 if the corporation was required to file a return for that year.

4. **Amended Return.** If a corporation has filed a return and later discovers that it has made a mistake, it may file an amended return. To file an amended return, the corporation must file Form 1120-A, Amended Return, with the original return. The amended return must be filed within 3 years of the date the original return was filed.

5. **Financial Statements.** A corporation is not required to complete Form 1120-A if it is not required to file a return for that year. If a corporation is required to file a return for that year, it must complete Form 1120-A.

6. **Dividends.** Dividends are payments made by a corporation to its shareholders. Dividends are not taxable to the shareholder until they are received. Dividends are taxable to the shareholder if they are received in the year they are paid.

7. **Interest.** Interest is the cost of borrowing money. Interest is taxable to the borrower in the year it is received. Interest is not taxable to the lender until it is received.

6. Attachments. Attach Form 4336, Computation of Credit for Federal Tax on Gasoline and Special Fuels, after page 4, Form 1120, or page 2, Form 1120-A. Attach schedules in alphabetical order after the Form 4336.

2. **Consolidated Return.** The parent corporation of an affiliated group of corporations must attach Form 851, Consolidated Return, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122, Authorization to Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return.

3. **Information Returns.** A corporation included in the consolidated return. Use columns to show the following:

• Items of gross income and deductions.
• A computation of taxable income.
• Balance sheets as of the beginning and end of the year.
• A reconciliation of income per books with income per return.
• A reconciliation of retained earnings and consolidated balance sheets and a reconciliation of consolidated retained earnings.

3. **Statements.** Stock ownership in foreign corporations.—Attach the required statement to Form 1120 if the corporation owned 5% or more in value of the outstanding stock of a foreign person during the year and the corporation was required to file a return for that year. Attach the statement to Form 1120 if the corporation was required to file a return for that year. Attach the statement to Form 1120 if the corporation was required to file a return for that year.

4. **Amended Return.** If a corporation has filed a return and later discovers that it has made a mistake, it may file an amended return. To file an amended return, the corporation must file Form 1120-A, Amended Return, with the original return. The amended return must be filed within 3 years of the date the original return was filed.

5. **Financial Statements.** A corporation is not required to complete Form 1120-A if it is not required to file a return for that year. If a corporation is required to file a return for that year, it must complete Form 1120-A.

6. **Dividends.** Dividends are payments made by a corporation to its shareholders. Dividends are not taxable to the shareholder until they are received. Dividends are taxable to the shareholder if they are received in the year they are paid.

7. **Interest.** Interest is the cost of borrowing money. Interest is taxable to the borrower in the year it is received. Interest is not taxable to the lender until it is received.

address shown on the form. Form TD F 90-22.1 is not a tax form, so do not file it with Form 1120.

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7. **Interest.** Interest is the cost of borrowing money. Interest is taxable to the borrower in the year it is received. Interest is not taxable to the lender until it is received.

Computation. The proportionate disallowance rules do not apply to certain sales by manufacturers to dealers. A seller may elect to have the proportionate disallowance rules not apply to certain sales of merchandise and related services.

2. **Inventory.** Inventory is the stock of goods held by a taxpayer for sale in the ordinary course of business. Inventory is valued at the lower of cost or market. The cost of inventory is determined by the first-in, first-out (FIFO) method.

3. **Cost of Goods Sold.** The cost of goods sold is the cost of the goods sold by a taxpayer. The cost of goods sold is determined by the FIFO method.

4. **Net Income.** Net income is the income of a taxpayer after all deductions. Net income is determined by the FIFO method.

5. **Capital Gains and Losses.** Capital gains and losses are the gains and losses from the sale of capital assets. Capital gains and losses are determined by the FIFO method.

6. **Charitable Deductions.** Charitable deductions are deductions for contributions to qualified charitable organizations. Charitable deductions are determined by the FIFO method.

7. **Research and Development Expenses.** Research and development expenses are expenses for research and development activities. Research and development expenses are determined by the FIFO method.

8. **Advertising Expenses.** Advertising expenses are expenses for advertising. Advertising expenses are determined by the FIFO method.

9. **Travel Expenses.** Travel expenses are expenses for travel. Travel expenses are determined by the FIFO method.

10. **Entertainment Expenses.** Entertainment expenses are expenses for entertainment. Entertainment expenses are determined by the FIFO method.

11. **Gift Expenses.** Gift expenses are expenses for gifts. Gift expenses are determined by the FIFO method.

12. **Other Expenses.** Other expenses are expenses for other items. Other expenses are determined by the FIFO method.

13. **Net Loss.** Net loss is the loss of a taxpayer. Net loss is determined by the FIFO method.

14. **Capital Losses.** Capital losses are losses from the sale of capital assets. Capital losses are determined by the FIFO method.

15. **Charitable Deductions.** Charitable deductions are deductions for contributions to qualified charitable organizations. Charitable deductions are determined by the FIFO method.

16. **Research and Development Expenses.** Research and development expenses are expenses for research and development activities. Research and development expenses are determined by the FIFO method.

17. **Advertising Expenses.** Advertising expenses are expenses for advertising. Advertising expenses are determined by the FIFO method.

18. **Travel Expenses.** Travel expenses are expenses for travel. Travel expenses are determined by the FIFO method.

19. **Entertainment Expenses.** Entertainment expenses are expenses for entertainment. Entertainment expenses are determined by the FIFO method.

20. **Gift Expenses.** Gift expenses are expenses for gifts. Gift expenses are determined by the FIFO method.

21. **Other Expenses.** Other expenses are expenses for other items. Other expenses are determined by the FIFO method.

22. **Net Loss.** Net loss is the loss of a taxpayer. Net loss is determined by the FIFO method.

23. **Capital Losses.** Capital losses are losses from the sale of capital assets. Capital losses are determined by the FIFO method.

24. **Charitable Deductions.** Charitable deductions are deductions for contributions to qualified charitable organizations. Charitable deductions are determined by the FIFO method.

25. **Research and Development Expenses.** Research and development expenses are expenses for research and development activities. Research and development expenses are determined by the FIFO method.

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33. **Charitable Deductions.** Charitable deductions are deductions for contributions to qualified charitable organizations. Charitable deductions are determined by the FIFO method.

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housing credit is part of the general business credit for expenditures made after 1986. See section 42 and Form 5586, Low-Income Housing Credit.

Form 3800, General Business Credit. Enter on the appropriate line of the corporate tax return the amount of the credit from Form 3800, and check the boxes indicating which forms are attached to the return. If the corporation is claiming only one of the above credits, you do not have to complete Form 3800. Instead, check the appropriate box and attach the form for which the credit is being taken. However, if the corporation has a carryforward or carryback of any of these credits (or a carryforward of an ESOP credit), it must use Form 3800 for more information. See Publication 577, General Business Credit.

Line 4. Tax from recomputing prior-year investment credit. If property is disposed of or ceases to be qualified property before the end of the life years used in computing the regular or energy investment credit, there may be a recapture of the credit. See Form 4255, Recapture of Investment Credit.

Line 5. Alternative minimum tax. Attach Form 4626, Alternative Minimum Tax—Corporations, if the taxable income plus adjustments and tax preference items of the corporation exceed \$40,000. See Form 4626 for details.

B. Form 1120, Schedule J. Lines 1 and 2. Members of a controlled group, as defined in section 1361, with tax years that begin before July 1, 1987, are entitled to only one \$25,000 amount in each taxable income bracket on line 2a. Members of a controlled group that have tax years that end after June 30, 1987, are entitled to one \$50,000 amount and one \$25,000 amount (in that order) in each taxable income bracket on line 2b.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to the plan. The copy (or an attached statement) must show the part of the amount in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulations under section 1.561-3(b) for the requirements and for the time and manner of making the consent.

Equal Apportionment Plan. If no apportionment plan is adopted, the members of the controlled group must divide the amount in each taxable income bracket among themselves. For example, a controlled group AB consists of corporation A and corporation B. Both corporations with tax years which include July 1, 1987. They do not elect an apportionment plan. Therefore, corporation A is entitled to \$12,500 (one-half of \$25,000) in each taxable income bracket on line 2a. Corporation B is also entitled to \$12,500 in each taxable income bracket. Each income bracket on line 2b is also equally divided.

Unequal Apportionment Plan. Members of

income brackets as they wish. There is no need for consistency between taxable income brackets. Any member of the controlled group may be entitled to ask, once, or none of the taxable income bracket. However, the total amount for all members of the controlled group cannot be more than the total amount in each taxable income bracket.

Each member of a controlled group must answer Question 5 in the Additional Information section of Form 1120. **Notes:** Members of a controlled group of corporations are treated as one corporation for purposes of figuring the applicability of the additional 5% tax. If the additional tax applies, each member of the group must attach to its return a schedule J which shows the taxable income of the entire group as well as how its portion of the additional tax was figured.

Line 3. Bank holding companies. Section 6159 provides that a bank holding company may elect to pay in installments the tax attributable to the sale of certain assets whose ownership is certified by the Board of Governors of the Federal Reserve System. If the bank holding company chooses this election, attach a statement showing the tax computation and the amount of the installment paid with this return. Also, in the right-hand margin next to line 3, Schedule J, enter the amount of the installment payment followed by the words "computed under section 6159." If an election under section 1103(g) or (h) applies, enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be.

Line 4a. Foreign tax credit. See Form 1118, Computation of Foreign Tax Credit—Corporations, for an explanation of when a corporation can take this credit for payment of income tax to a foreign country.

Line 4b. Possessions tax credit. See Form 5712, Election To Be Treated as a Possession Corporation Under Section 936, for rules on how to elect to claim the possessions tax credit (section 936). Complete the credit on Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936.

Line 4c. Orphan drug credit. See section 28 and Form 6765, Credit for Increasing Research Activities (or for claiming the orphan drug credit), for an explanation of when a corporation can take this credit, as well as how it is figured.

Line 4d. Credit for fuel produced from a nonconventional source. A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 29 contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

Line 4e. General business credit. See the earlier instructions for Form 1120-A, line 2, under the heading Tax Computation.

Line 7. Personal holding company tax. A corporation is treated as a personal holding company under section 542 if:
• At least 60% of its adjusted ordinary gross income, defined in section 543(b)(2), for the tax year is personal holding company income as defined in section 543(a), and
• At any time during the last half of the tax year more than 50% in value of its outstanding stock is owned, directly or indirectly, by not more than 5 individuals.

Use Schedule PH (Form 1120), Computation of U.S. Personal Holding Company Tax, to figure this tax.

Line 8. Tax from recomputing prior-year investment credit. See the earlier instructions for Form 1120-A, line 4, under the heading Tax Computation.

Line 9a. Alternative minimum tax. Attach Form 4626, Alternative Minimum Tax—Corporations, if the taxable income plus adjustments and tax preference items of the corporation exceed \$40,000. See Form 4626 for details.

Line 9b. Environmental tax. The Superfund Amendments and Reauthorization Act of 1986 added new section 594, which requires that corporations pay an environmental tax. The environmental tax is 0.12 percent of modified alternative minimum taxable income of the corporation in excess of \$2,000,000. See Form 4626 for computation of environmental tax.

Section M-2 (Form 1120 Only)
Unappropriated Retained Earnings

Line 5. Distributions under the Bank Holding Company Act. If an election under section 1103(g) or (h) applies to a section 1101 distribution, the bank holding company making the distribution must enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be, in the right-hand margin next to line 5, Schedule M-2, Form 1120.

Schedules A and B Tax Computation Worksheet

Effective July 1, 1987, the tax rates for corporations were reduced. The new rates of tax are:

- 15% on the first \$50,000 of income;
- 25% on the next \$25,000 of income; and
- 34% on any amount over \$75,000.

Also, an additional tax of 5% is applied against income in excess of \$100,000. The maximum amount of this additional tax is \$11,750.

Corporations with tax years beginning after June 30, 1987, should complete Schedule B only.

Schedule A Tax Computed for Period Before July 1, 1987

- 1 Taxable income (line 30, Form 1120, or line 26, Form 1120-A).
- 2 Net capital gain (if the alternative tax applies, enter net capital gain from line 10, Schedule D (Form 1120). If the alternative tax does not apply, enter zero. See instructions).
- 3 Subtract line 2 from line 1.
- 4 Enter the lesser of line 3 or \$25,000 (members of a controlled group, see instructions).
- 5 Subtract line 4 from line 3.
- 6 Enter the lesser of line 5 or \$25,000 (members of a controlled group, see instructions).
- 7 Subtract line 6 from line 5.
- 8 Enter the lesser of line 7 or \$25,000 (members of a controlled group, see instructions).
- 9 Subtract line 8 from line 7.
- 10 Enter the lesser of line 9 or \$25,000 (members of a controlled group, see instructions).
- 11 Subtract line 10 from line 9.
- 12 Multiply line 4 times 15%.
- 13 Multiply line 6 times 18%.
- 14 Multiply line 8 times 30%.
- 15 Multiply line 10 times 40%.
- 16 Multiply line 11 times 46%.
- 17 Additional tax. If line 3 is greater than \$100,000, enter the lesser of: (a) 5% of the excess of line 3 over \$100,000 or (b) \$20,250 (members of a controlled group, see instructions).
- 18 Add amounts on lines 12 through 17.

Schedule B Tax Computed for Period After June 30, 1987

- 19 Taxable income (line 30, Form 1120, or line 26, Form 1120-A).
- 20 Net capital gain (if the alternative tax applies, enter net capital gain from line 10, Schedule D (Form 1120). If the alternative tax does not apply, enter zero. See instructions).
- 21 Subtract line 20 from line 19.
- 22 Enter the lesser of line 21 or \$50,000 (members of a controlled group, see instructions).
- 23 Subtract line 22 from line 21.
- 24 Enter the lesser of line 23 or \$25,000 (members of a controlled group, see instructions).
- 25 Subtract line 24 from line 23.
- 26 Multiply line 22 times 15%.
- 27 Multiply line 24 times 25%.
- 28 Multiply line 25 times 34%.
- 29 Additional tax. If line 21 is more than \$100,000, enter the lesser of: (a) 5% of the excess of line 21 over \$100,000 or (b) \$11,750 (members of a controlled group, see instructions).
- 30 Add lines 26 through 29. (If only Schedule B was completed, skip lines 31 through 34. Enter the amount from line 30 on line 3, Schedule J, Form 1120, or on line 1, Part I, Form 1120-A.)
- 31 Enter amount from line 18, Schedule A (Above).
- 32 Line 31 \times number of days in tax year before 7-1-87
number of days in tax year
- 33 Line 30 \times number of days in tax year after 6-30-87
number of days in tax year
- 34 Tax liability before credits. Add amounts on lines 32 and 33. Enter here and on line 3, Schedule J, Form 1120, or on line 1, Part I, Form 1120-A. If alternative tax applies, enter on line 12, Schedule D (Form 1120).

Instructions for Schedules A and B, Tax Computation Worksheet

Net Capital Gain and Alternative Tax. Lines 3 and 20.—In general, the alternative tax is the sum of (a) a tax computed on taxable income reduced by the net capital gain using the applicable tax brackets and tax rates, and (b) a tax of 34% of the net capital gain.

For tax years beginning on or after July 1, 1987, the alternative tax computation does not apply. If a corporation's tax year begins before July 1, 1987, and the corporation has a net capital gain, both computations (the regular tax computation and the alternative tax computation) should be made to determine which results in the lower tax.

The alternative tax is computed by using Schedules A and B of the tax computation worksheet and Part IV of Schedule D (Form 1120). If the alternative tax is less than the regular tax computed on taxable income using the applicable tax brackets and tax rates, then the corporation may enter the alternative tax from Schedule D on line 1, page 2, Form 1120-A, or line 3, Schedule J, Form 1120, and check the box for alternative tax.

Lines 4, 6, 8, 10, 12 and 24.—Members of a controlled group must enter their portion of each taxable income bracket. See the instructions for Schedule J (Form 1120) for rules regarding how controlled groups (as defined in section 1361) may divide these amounts.

Line 17. If the total taxable income of the controlled group of corporations is more than \$1,000,000, each member should enter its portion of the additional tax on line 17 as explained in the instructions for Schedule J (Form 1120).

Line 28. If total taxable income of the controlled group of corporations is more than \$100,000, each member should enter its portion of the additional tax on line 28. See section 1561 for rules on determining each member's share of the additional tax.

Codes for Principal Business Activity

These codes for the Principal Business Activity are designed to classify corporations by the type of activity in which they are engaged to facilitate the administration of the Internal Revenue Code. Though similar to the codes used in the Standard Industrial Classification (SIC) Code, they should not be used as SIC codes.

Using the list below, enter on page 1, under C, the code number for the principal business activity of the corporation (line 1a, page 1) plus all other lines (lines 4 through 10, page 1).

On page 3, under J, Form 1120 or lines A and B, page 1, Form 1120-A, enter the code number for the principal business activity and principal products or services that the corporation is engaged in. For example, if the principal business activity is "Grain mill products," the principal product or service is "Flour."

If a principal business activity, the corporation (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3998) under "Manufacturing."

- 0000 Agriculture, Forestry, and Fishing
- 0001 Agriculture production
- 0002 Forestry and logging
- 0003 Hunting and trapping
- 0004 Mining
- 0005 Mining and quarrying
- 0006 Mining and quarrying
- 0007 Mining and quarrying
- 0008 Mining and quarrying
- 0009 Mining and quarrying
- 0010 Mining and quarrying
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Code

- 3000 Electrical and electronic equipment
- 3001 Household appliances
- 3002 Radio, television, and communication equipment
- 3003 Electronic components and accessories
- 3004 Other electrical equipment
- 3005 Motor vehicles and equipment
- 3006 Transportable equipment, except motor vehicles
- 3007 Ship and boat building and repairing
- 3008 Other transportation equipment
- 3009 Instruments and related products
- 3010 Scientific instruments and related products
- 3011 Optical, medical, and ophthalmic goods
- 3012 Photographic equipment and supplies
- 3013 Other miscellaneous printing products
- 3014 Transportation and Public Utilities
- 3015 Transportation
- 3016 Railroad transportation
- 3017 Local and interurban passenger transit
- 3018 Trucking and warehousing
- 3019 Air transportation
- 3020 Transportation by air
- 3021 Pipeline, canal, and other transportation
- 3022 Communications
- 3023 Telephone, telegraph, and other communication services
- 3024 Radio and television broadcasting
- 3025 Electric, gas, and sanitary services
- 3026 Electric services
- 3027 Gas production and distribution
- 3028 Communication services
- 3029 Water supply and other sanitary services
- 3030 Wholesale Trade
- 3031 Durable
- 3032 Machinery, equipment, and supplies
- 3033 Motor vehicles and automotive equipment
- 3034 Furniture and home furnishings
- 3035 Lumber and construction materials
- 3036 Sporting, recreational, photographic, and hobby goods, toys and supplies
- 3037 Drugs and medicines
- 3038 Chemicals and allied products
- 3039 Chemicals and allied products
- 3040 Chemicals and allied products
- 3041 Chemicals and allied products
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- 3099 Chemicals and allied products

Code

- 4000 Wholesale and retail trade
- 4001 Drug stores and proprietary stores
- 4002 Liquor stores
- 4003 Other retail stores
- 4004 Finance, insurance, and Real Estate
- 4005 Banking
- 4006 Mutual savings banks
- 4007 Banks, except mutual savings banks and bank holding companies
- 4008 Credit agencies other than banks
- 4009 Savings and loan associations
- 4010 Personal credit institutions
- 4011 Business credit institutions
- 4012 Other credit agencies
- 4013 Security brokers, dealers, and security companies
- 4014 Commodity contracts brokers and dealers; security and commodity exchanges; and allied services
- 4015 Insurance
- 4016 Mutual insurance, except life insurance companies
- 4017 Other insurance companies
- 4018 Insurance agents, brokers, and service
- 4019 Real estate
- 4020 Real estate operators and vendors of buildings
- 4021 Lessors of mining, oil, and gas property
- 4022 Lessors of real estate property and other property
- 4023 Condominium management and cooperative housing associations
- 4024 Subdividers and developers
- 4025 Other real estate
- 4026 Holding and other investment companies, except bank holding companies
- 4027 Small business investment companies
- 4028 Other holding and investment companies except bank holding companies
- 4029 Services
- 4030 Hotels and other lodging places
- 4031 Personal services
- 4032 Business services
- 4033 Advertising
- 4034 Business services, except advertising
- 4035 Auto repair, maintenance services
- 4036 Auto repair and maintenance
- 4037 Amusement and recreation services
- 4038 Motion picture production, distribution, and services
- 4039 Music production, distribution, and services
- 4040 Amusement and recreation services
- 4041 Social services
- 4042 Educational services, including educational programs
- 4043 Offices of other health practitioners
- 4044 Nursing and personal care
- 4045 Hospitals
- 4046 Medical laboratories
- 4047 Other medical services
- 4048 Legal services
- 4049 Accounting and auditing
- 4050 Consulting and engineering services
- 4051 Architectural, planning and engineering services
- 4052 Accounting, auditing and bookkeeping
- 4053 Miscellaneous services (including veterinarians)

23. Depletion.—See section 611 and 613(a) for percentage depletion rates applicable to natural deposits.

Also, see section 291 for the limitation on the depletion deduction for iron ore and coal (including lignite). The reduction in a corporation's deduction for iron ore and coal (including lignite) has been increased from 15% to 20%.

Foreign intangible drilling costs and foreign exploration and development costs paid or incurred after 1986 must be added to the corporation's basis for computing cost depletion or be ratably deducted over a 10-year period.

Attach Form T (Timber), Forest Industries Schedules, if a deduction for depletion of timber is claimed.

25. Pension, profit sharing, etc. plans.—Employers who maintain a pension, profit sharing, or other funded deferred compensation plan, whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current year, generally are required to file one of the forms described below. There are penalties for failure to timely file these forms.

In addition, there is a penalty for overstating the pension plan deduction. For more information, see new section 6659A, Form 9300.

Form 9300.—Complete this form for each plan with 100 or more participants.

Form 5500-C or 5500-R.—Complete the applicable form for each plan with fewer than 100 participants.

Form 5500EZ.—Complete this form for a one participant plan.

26. Employee benefit programs.—Enter the amount of contributions to employee benefit programs (for example, insurance, health and welfare programs) that are not an incidental part of a pension, profit sharing, etc. plan included in section 27. Other deductions.—Generally, a deduction may not be taken for any amount allocated to a class of exempt income including income exempt by tax treaty.

If an item is indirectly attributable both to taxable income and exempt income, allocate a reasonable portion of the item to each class of income. Make the allocation in light of all the facts involved.

Attach a statement showing (1) each class of exempt income, and (2) the expense items allocated to exempt income. Show separately the amount allocated by apportionment.

A corporation may deduct dividends it pays in cash on stock held by an employee stock ownership plan that the corporation maintains. However, a deduction may only be taken if the dividends are:

1. Paid directly in cash to the plan participants, or
2. Paid to the plan, which distributes them in cash to the plan participants, no later than 90 days after the dividends are paid.

(See section 404(b).)

For other allowable deductions, see section 404(b)(2)(C).

Generally, deduct all ordinary and necessary (tax) and entertainment

expenses paid or incurred in your trade or business. However, do not deduct expenses paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation.

(Note: You may be able to deduct the expense if it is incurred in your trade or business and reported on Form W-2, Wage and Tax Statement, for an employee under 1986-1988. See Publication 936, Travel, Entertainment, and Gift Expenses, for more details.)

Note: Do not deduct penalties imposed on corporations such as those included in General Instruction E.

29. Taxable income.—At-risk and passive loss limitations.

Generally, at-risk rules under section 465 generally apply to closely held corporations (as defined in section 455(c)(1)) and personal holding companies engaged in any activity such as a trade or business or for the production of income. Such corporations may have to adjust the amount on line 29.

However, the at-risk rules do not apply to: (1) holding real property (other than mineral interests) placed in service by the taxpayer before 1987; (2) equipment leasing under section 465(d)(4), (5), and (6); and (3) any qualifying business of a qualified corporation described in section 455(c)(7).

If the at-risk rules apply, adjust the amount on line 29 for section 465(c) losses. These losses are limited to the amount for which such a corporation is at risk for each separate activity at the close of the year.

A corporation involved in more than one activity that incurs a loss for the year should report each loss separately, and file Form 9882, Computation Worksheet, for each activity described in section 465(c).

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

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For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "at-risk" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

For the "passive" activity, the deduction is limited to the amount of the corporation's adjusted basis in the activity at the close of the year.

to adjust credits attributable to passive activities under section 469. See the instructions for Form 9882-CR, Passive Activity Credit Limitations.

Special instructions for Form 9882.—Corporations subject to the passive activity rules should complete the following sections of Form 9882: Part I (only lines 2a and 2b), and Part II, and, if applicable, all of Part III. Also complete the applicable worksheets and instructions for each section.

Part I.—Enter on line 1 the net operating loss (or loss) from each separate activity in the appropriate column.

Part II.—Enter on line 2 the net operating loss (or loss) from each separate activity in the appropriate column.

Part III.—Enter on line 3 the net operating loss (or loss) from each separate activity in the appropriate column.

Part IV.—Enter on line 4 the net operating loss (or loss) from each separate activity in the appropriate column.

Part V.—Enter on line 5 the net operating loss (or loss) from each separate activity in the appropriate column.

Part VI.—Enter on line 6 the net operating loss (or loss) from each separate activity in the appropriate column.

Part VII.—Enter on line 7 the net operating loss (or loss) from each separate activity in the appropriate column.

Part VIII.—Enter on line 8 the net operating loss (or loss) from each separate activity in the appropriate column.

Part IX.—Enter on line 9 the net operating loss (or loss) from each separate activity in the appropriate column.

Part X.—Enter on line 10 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XI.—Enter on line 11 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XII.—Enter on line 12 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XIII.—Enter on line 13 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XIV.—Enter on line 14 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XV.—Enter on line 15 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XVI.—Enter on line 16 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XVII.—Enter on line 17 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XVIII.—Enter on line 18 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XIX.—Enter on line 19 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XX.—Enter on line 20 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXI.—Enter on line 21 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXII.—Enter on line 22 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXIII.—Enter on line 23 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXIV.—Enter on line 24 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXV.—Enter on line 25 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXVI.—Enter on line 26 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXVII.—Enter on line 27 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXVIII.—Enter on line 28 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXIX.—Enter on line 29 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXX.—Enter on line 30 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXXI.—Enter on line 31 the net operating loss (or loss) from each separate activity in the appropriate column.

Part XXXII.—Enter on line 32 the net operating loss (or loss) from each separate activity in the appropriate column.

The corporation may also elect to carry over the loss just to each of the 15 years after the year of loss. The election is made by attaching a statement to a timely filed return, including extensions. The election is irrevocable.

The corporation may carry back 10 years the part of the net operating loss attributable to each separate activity loss. (See section 172(b)(1)(A).) See regulations section 1.172(b)(1)(A) for the required statement that must be attached to Form 1120F when claiming the 10-year carryback on product liability losses.

The election may be made by attaching a statement to a timely filed return, including extensions. The election is irrevocable.

After applying the net operating loss to the first year to which it may be carried, the part of the loss may carry to each of the remaining years in any excess of the loss over the sum of the modified taxable income for each of the earlier years to which the corporation may carry the loss. (Section 172(b)(1).)

If there is a carryback of a net operating loss, a net capital loss, or an unused credit, file Form 1139, Corporation Application for Refund, within 12 months after the end of the tax year for a quick refund of tax. (Section 6411.)

Limitations on Net Operating Loss Carryovers and On Excess Credit Carryovers.

Net operating loss carryovers and excess credit carryovers will be limited when there is a ownership change or an equity structure change. An ownership change occurs when one or more shareholders acquire their ownership of the corporation in more than 50 percentage points.

See section 382 and regulations sections 1.382-1 and 1.382-2 for rules and other information.

Note: The rule allowing financial institutions to carry back their net operating loss 10 years and forward 5 years is applicable to the adjustment beginning after 1986. For tax years beginning after 1986, most financial institutions may carry back their net operating loss 10 years and forward 5 years.

Section 382 and regulations sections 1.382-1 and 1.382-2 for rules and other information.

Note: The rule allowing financial institutions to carry back their net operating loss 10 years and forward 5 years is applicable to the adjustment beginning after 1986. For tax years beginning after 1986, most financial institutions may carry back their net operating loss 10 years and forward 5 years.

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Section 382 and regulations sections 1.382-1 and 1.382-2 for rules and other information.

Taxpayers using erroneous valuation methods should file Form 3115 to change to a method permitted for the election purposes. For further details, see regulations section 1.445-1(c)(3) and Rev. Rul. 84-134, 1984-2 CB 738.

Section 263A Uniform Capitalization Rules.—The uniform capitalization rules of section 263A are discussed in general in the instructions for limitation on deduction on page 5. See those instructions for more details.

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Corporations subject to section 263A will be required to make adjustments to the cost of goods sold computation on Schedule A, Form 9882-CR.

To the extent that section 263A is applied, corporations may elect to use the simplified methods of accounting for inventory for purposes of both realizing their inventory and accounting for costs in subsequent years. (See the instructions for section 263A.)

Line 4b.—Enter on line 4b any amounts paid or incurred during the tax year not entered on lines 2 through 4a.

Line 6.—See regulations section 263A-1 for more information on computing the amount of additional section 263A costs to be capitalized and added to ending inventory.

Line 8.—In line 8, check the method(s) used for valuing inventories. Under lower or market, market generally applies to normal market conditions when a current bid price prevails at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use last market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. See regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is unusable at normal prices or unusable in the normal way because the goods are "subnormal" (that is, because of damage, imperfections, shop wear, etc.) within the meaning of regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not required to be below cost if such a price is established. See regulations section 1.471-2(c) for more information.)

For the first year the "Last-in-First-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, attach Form 970, Application to Use LIFO Inventory Method, with a statement with the information required by Form 970. Also check the LIFO box in line 8b. Enter the amount or percent of total closing inventories covered under section 472 in line 8c. Estimates are acceptable.

If the corporation changed or extended its method of inventory valuation to LIFO and had no inventory on hand at the beginning of the year of election, report the effect of this change in income in Section II, line 10, page 3, ratably over a 3-year period that begins in the tax year the election was first made. (See section 472(d).)

Schedule C.—Dividends and Special Deductions.—(Line references are to the lines in Schedule C.)

Line 1.—Enter dividends received from domestic corporations subject to income tax and the deduction under section 243(a)(1) and certain dividends received from Federal Home Loan Banks (section 243(e)). For dividends received from a regulated investment company, see section 552 for the amount subject to the section 243(a) deduction.

Includ on this line taxable dividends received from an RIC-DRS or former DISC that are not subject to the section 243(a) deduction. The following categories of stock are included: (1) common stock; (2) preferred stock; (3) stock owned by a partnership; (4) stock owned by a trust; (5) stock owned by an estate; (6) stock owned by a decedent; (7) stock owned by a transferee; (8) stock owned by a transferee; (9) stock owned by a transferee; (10) stock owned by a transferee; (11) stock owned by a transferee; (12) stock owned by a transferee; (13) stock owned by a transferee; (14) stock owned by a transferee; (15) stock owned by a transferee; (16) stock owned by a transferee; (17) stock owned by a transferee; (18) stock owned by a transferee; (19) stock owned by a transferee; (20) stock owned by a transferee; (21) stock owned by a transferee; (22) stock owned by a transferee; (23) stock owned by a transferee; (24) stock owned by a transferee; (25) stock owned by a transferee; (26) stock owned by a transferee; (27) stock owned by a transferee; (28) stock owned by a transferee; (29) stock owned by a transferee; (30) stock owned by a transferee; (31) stock owned by a transferee; (32) stock owned by a transferee; (33) stock owned by a transferee; (34) stock owned by a transferee; (35) stock owned by a transferee; (36) stock owned by a transferee; (37) stock owned by a transferee; (38) stock owned by a transferee; (39) stock owned by a transferee; (40) stock owned by a transferee; (41) stock owned by a transferee; (42) stock owned by a transferee; (43) stock owned by a transferee; (44) stock owned by a transferee; (45) stock owned by a transferee; (46) stock owned by a transferee; (47) stock owned by a transferee; (48) stock owned by a transferee; (49) stock owned by a transferee; (50) stock owned by a transferee; (51) stock owned by a transferee; (52) stock owned by a transferee; (53) stock owned by a transferee; (54) stock owned by a transferee; (55) stock owned by a transferee; (56) stock owned by a transferee; (57) stock owned by a transferee; (58) stock owned by a transferee; (59) stock owned by a transferee; (60) stock owned by a transferee; (61) stock owned by a transferee; (62) stock owned by a transferee; (63) stock owned by a transferee; (64) stock owned by a transf

Schedule B Taxable Income**PART I—Income Attributable to Foreign Trade Income**

Type of Receipt (see instructions)	(a) Using Administrative Pricing Rules	(b) Not Using Administrative Pricing Rules
1 Sale, exchange, or other disposition of export property. (Include only 50% of military property sales. Include the other 50% on line 1, Schedule F.)		
2 Lease or rental of export property for use outside the U.S.		
3 Services related and subsidiary to:		
a Sale, exchange, or other disposition of export property. (Include only 50% of services relating to the sale or other disposition of military property. Include the other 50% on line 1, Schedule F.)		
b Lease or rental of export property.		
4 Engineering or architectural services for construction projects outside the U.S.		
5 Managerial services for an unrelated FSC or IC DISC. (See instructions for determination of qualifying amount.)		
6 Total Foreign Trading Gross Receipts		
a All FSCs—Add lines 1 through 5. (FSCs that are not small FSCs, skip lines 6b through 6h and go to line 7. Small FSCs, complete lines 6b through 6h to determine their foreign trading gross receipts.)		
b Small FSC limitation (section 924(b)(2)(B)).	\$5,000,000	
c Controlled group member's share of line 6b (see instructions)		
d Enter smaller of (a) number of days in tax year divided by 365 or (b) 1 (one).		
e Proration of limitation—Line 6b or line 6c (whichever applies) times line 6d.		
f Enter total of columns (a) and (b), line 6a (if commission income is included in line 6a, see special computation rule in line 6i instruction).		
g Small FSC foreign trading gross receipts		
Enter smaller of line 6e or 6f.		
Note: If line 6f exceeds line 6e, enter the excess on line 7 of Schedule F. See line 6h instruction if commission income is involved.		
h Allocate the amount from line 6g to columns (a) and (b) but do not enter in either column more than that shown for the column on line 6a above (see instructions).		
7 Cost of goods sold (Schedule A) (Small FSCs, enter only that portion of cost of goods sold that is attributable to the receipts on line 6a above.) (See Schedule A instructions.)		
8 Foreign trade income—Line 6a or 6h (whichever applies) less line 7.		
9a Exemption percentage from line 3d, Schedule E.		
b Exemption percentage from line 2d, Schedule E.		
10 Exempt foreign trade income—Multiply line 8 by lines 9a and 9b.		
11 Nonexempt foreign trade income—Line 8 less line 10.		
12 Enter nonexempt foreign trade income from line 6, Schedule F.		
13 Add lines 11 and 12.		
14 Allowable deductions from line 18, Schedule G.		
15 Net income attributable to nonexempt foreign trade income—Line 13 less line 14.		

PART II—Total Taxable Income

16 Taxable income attributable to foreign trade income—Enter total of columns (a) and (b), line 15, reduced by any nonexempt income included in column (b). (See instructions.)	
17 Taxable income from line 19, Schedule F.	
18 Taxable income (or loss) before net operating loss deduction and special deductions—Add lines 16 and 17.	
19 Less: a Net operating loss deduction (see instructions—attach schedule).	
b Special deductions—(see instructions—attach schedule).	
c Add lines 19a and 19b.	
20 Taxable income (or loss)—Line 18 less line 19c. (Enter here and see instructions for Schedule J for figuring the tax on this income.)	

Schedule C Percentages (expressed as decimals to 5 places) To Be Used in Figuring Exempt Foreign Trade Income—Sections 923(a)(2) and (3) and 291(a)(4)

Note: If all shareholders are C corporations, enter 30000 on line 2a and 65217 on line 3d and skip all other lines. If all shareholders are other than C corporations, enter 32000 on line 2a and 69565 on line 3d and skip all other lines.

1 Percentage (express as decimal to 5 places) of voting stock owned by shareholders that are C corporations	1
2 Exemption for foreign trade income determined without regard to administrative pricing rules:	
a Difference between section 923(a)(2) and section 291(a)(4) percentage	2a .02000
b Section 923(a)(2) percentage	2b .32000
c Line 2a times line 1	2c
d Exemption percentage—Line 2b less line 2c. (Enter here and on line 9b, Schedule B, and line 16b, Schedule G.)	2d
3 Exemption percentage for foreign trade income determined under administrative pricing rules:	
a Difference between section 923(a)(3) fraction and section 291(a)(4) fraction $(16/23 - 15/23 = 1/23)$ expressed as a decimal	3a .04348
b Section 923(a)(3) fraction $(16/23)$ expressed as a decimal	3b .69565
c Line 3a times line 1	3c
d Exemption percentage—Line 3b less line 3c. (Enter here and in line 9a, Schedule B, and line 16a, Schedule G.)	3d

Schedule F Nonexempt Foreign Trade Income (Excluded from section 923) and Nonforeign Trade Income**Part I—Nonexempt Foreign Trade Income (excluded from section 923)**

	(a) Using Administrative Pricing Rules	(b) Not Using Administrative Pricing Rules
1 Enter 50% of total receipts attributable to the sale, exchange, or other disposition of military property and related services (see instructions for line 1 of Schedule B).		
2 International boycott income (see instructions).		
3 Illegal bribes and other payments (see instructions).		
4 Add lines 1, 2, and 3.		
5 Enter cost of goods sold and other expenses related to above income.		
6 Nonexempt foreign trade income—Line 4 less line 5. (Enter here and on line 12, columns (a) and (b), Schedule B.)		

Part II—Nonforeign Trade Income

7 Small FSCs—If line 6f of Schedule B exceeds line 6e of Schedule B, enter the excess. (Include the deduction for cost of goods sold attributable to the excess on line 18 below.)	7
8 Interest income	8
9 Dividend income (attach schedule—see instructions)	9
10 Carrying charges	10
11 Royalties	11
12 Other investment income	12
13 Receipts excluded under section 924(f) on basis of use, subsidized receipts and receipts from related parties	13
14 Income from excluded property under sections 927(a)(2) and (3)	14
15 Income from transactions that did not qualify as foreign trade income because the foreign economic process test of section 924(d) was not met	15
16 Other income	16
17 Total—Add lines 7 through 16.	17
18 Enter deductions allocated or apportioned to line 17 income (attach schedule—see instructions)	18
19 Taxable nonforeign trade income—Line 17 less line 18. (Enter here and on line 17, Schedule B.)	19

Schedule G Deductions Allocated or Apportioned to Foreign Trade Income (See instructions for limitations on deductions before completing lines 1 through 14.)

	(a) Using Administrative Pricing Rules	(b) Not Using Administrative Pricing Rules
1 Foreign direct costs:		
a Section 924(a)(3) (advertising, etc.)	1a	
b Section 924(a)(2) (processing, etc.)	1b	
c Section 924(a)(3) (transportation, etc.)	1c	
d Section 924(a)(4) (transmission, etc.)	1d	
e Section 924(a)(5) (assumption of credit risk)	1e	
f Total of lines 1a through 1e	1f	
2 Enter all other applicable costs on lines 2 through 14 below. Do not enter a cost on more than one line.		
3 Advertising	2	
4 Interest	3	
5 Depreciation from Form 4562 (less depreciation claimed elsewhere on this return) (attach Form 4562)	4	
6 Salaries and wages	5	
7 Rents	6	
8 Sales commissions	7	
9 Warehousing	8	
10 Freight	9	
11 Compensation of officers	10	
12 Bad debts (see instructions)	11	
13 Pension, profit sharing, etc., plans (see instructions)	12	
14 Employee benefit programs	13	
15 Other (list):	14	
16 Total of (add lines 11 through 14)	15	
17a Exemption percentage from line 3d, Schedule E.	16a	
b Exemption percentage from line 2d, Schedule E.	16b	
18 Deductions relating to exempt foreign trade income—Line 15 (column (a)) times line 16a and line 15 (column (b)) times line 16b.	17	
19 Total deductions relating to nonexempt foreign trade income—Line 15 less line 17. (Enter here and on line 14, columns (a) and (b), Schedule B.)	18	

Schedule J Tax Computation (See instructions.)

1 Check if you are a member of a controlled group (see section 927(d)(4)).	1
2 If line 1 is checked, see instructions. If your tax year includes June 30, 1987, complete both a and b. Otherwise, complete only b.	
a (i) \$	(ii) \$
b (i) \$	(ii) \$
3 Enter net tax (see instructions to figure the tax, enter this tax or alternative tax from Schedule D (Form 1120), whichever is less). Check if from Schedule D (Form 1120).	3
4 Foreign tax credit (attach Form 1118) (see instructions)	4
5 Line 3 less line 4	5
6 Alternative minimum tax and environmental tax (see instructions—attach Form 4626)	6
7 Presumptive holding company tax (attach Schedule PH (Form 1120))	7
8 Total tax—Add lines 5, 6, and 7. (Enter here and on line 1, page 1)	8

Schedule M-1 Balance Sheets

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash				
2a Trade notes, and accounts receivable				
b Commissions receivable				
c Less allowance for bad debts				
3 Inventories				
4 Federal and state government obligations				
5 Other current assets (attach schedule)				
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets				
a Less accumulated depreciation				
10 Depreciable assets				
a Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
a Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				
LIABILITIES AND STOCKHOLDERS' EQUITY				
15 Accounts payable				
16 Mises, notes, bonds payable in less than 1 year				
17 Transfer prices payable				
18 Other current liabilities (attach schedule)				
19 Loans from stockholders				
20 Mises, notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule)				
22 Capital stock				
23 Paid-in or capital surplus				
24 Retained earnings—Appropriated (attach schedule)				
25 Retained earnings—Unappropriated				
26 Less cost of treasury stock				
27 Total liabilities and stockholders' equity				

Schedule M-1 Reconciliation of Income per Books With Income per Return

1 Net income on books	7 Income recorded on books this year not included in this return (itemize):
2 Federal income tax	a Tax exempt interest \$
3 Excess of capital losses over capital gains	b Exempt foreign trade income \$
4 Income subject to tax not included on books this year (itemize):	
5 Expenses recorded on books this year not deducted in this return (itemize):	8 Deductions in this tax return not charged against book income this year (itemize):
a Depreciation \$	a Depreciation \$
b Deductions attributable to exempt foreign trade income \$	
6 Total of lines 1 through 5	9 Total of lines 7 and 8
10 Taxable income—line 6 less line 9	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (line 25 above)

1 Balance at beginning of year	5 Dispositions: a Cash
2 Net income on books	b Stock
3 Other increases (itemize)	c Property
4 Total of lines 1, 2, and 3	6 Other decreases (itemize)
5 Total of lines 5a, b, c, and 6	
6 Balance at end of year (line 4 less line 7)	

1987

Instructions for Form 1120-FSC

U.S. Income Tax Return of a Foreign Sales Corporation

(Section references are to the Internal Revenue Code unless otherwise noted.)

Paperwork Reduction Act Notice. We ask for this information to carry out the Internal Revenue laws of the United States. The information is used to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Changes You Should Note. The Tax Reform Act of 1986 (ACT) made several changes to the way foreign sales corporations (FSCs) compute their taxable income and their tax liability. Many of these changes are contained in these instructions. For information on other changes, see Publication 921, Explanation of the Tax Reform Act of 1986 for Business.

General Instructions

A. Purpose of Form. Form 1120-FSC is used to report a foreign sales corporation's (FSC) income, deductions, credits, and tax. If a refund is due, Form 1120-FSC may be used to claim it.

B. What is a FSC? A FSC is a foreign corporation that is elected to be a FSC or small FSC and its election is in effect. A FSC election is made by filing Form 8729, Election to be Treated as a FSC or Small FSC.

To be a FSC or small FSC, a corporation must meet all of the following tests:

1. It must be a corporation created or organized under the laws of a qualifying foreign country or a U.S. possession (other than Puerto Rico). The foreign country must meet the requirements of section 924(e)(3).
2. It may not have more than 25 shareholders.
3. It may not have preferred stock.
4. It must maintain an office in a qualifying foreign country or a U.S. possession (other than Puerto Rico). The foreign country must also maintain a location in the U.S. such books and records as are sufficient under section 6001 to establish the amount of gross income, deductions, credits or other matters required to be shown on its tax return.
5. It must have at least one director who is not a resident of the U.S.
6. It may not be a member of a controlled group of which an interest charge DISC is a member.
7. Its tax year must conform to the tax year of the principal shareholder, who, at the beginning of the FSC's tax year, has the

highest percentage of voting power. If two or more shareholders have the highest percentage of voting power, the FSC must elect a tax year that conforms to that of any one of the shareholders. See section 441(h).

C. Filing Form 1120-FSC.

1. **Who Files.**—You must file Form 1120-FSC if your corporation elected, by filing Form 8729, to be treated as a FSC or small FSC and the election is still in effect.
2. **When to File.**—File Form 1120-FSC by the 15th day of the 3rd month after the end of the tax year.

Extensions.—File Form 1120-FSC for automatic extension of time to file. For information on automatic extension of time to file, see the instructions for Form 1120-FSC.

Amended return.—To correct any error in a Form 1120-FSC, you must file an amended Form 1120-FSC and write "Amended" across the top.

Change in accounting method.—If you change your tax year, file Form 1120-FSC for the year of the change and Form 1120-FSC for the year of the change.

Change in accounting period.—If you change your accounting period, file Form 1120-FSC for the year of the change and Form 1120-FSC for the year of the change.

Change in accounting method.—If you change your accounting method, file Form 1120-FSC for the year of the change and Form 1120-FSC for the year of the change.

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The preparer required to sign the return must:

- Complete the required preparer information.
- Sign, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 1120-FSC to the taxpayer and a copy to the IRS.

Tax return preparers should be familiar with their responsibilities. See Publication 1043, Information for Tax Practitioners, for more details.

D. Other Returns and Statements That May Be Required.

1. **Financial statements.**—The balance sheets must agree with your books and records. Reconcile any differences. Form 971, Information Return With Respect to a Foreign Corporation, must be filed with Form 1120-FSC.

2. **Form 971.**—The FSC may also have to file other returns. A partial list includes:

Form 971, Information Return With Respect to a Foreign Corporation.

Form 971, Information Return With Respect to a Foreign Corporation.

Form 971, Information Return With Respect to a Foreign Corporation.

Form 971, Information Return With Respect to a Foreign Corporation.

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their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, DISC benefits, and FSC benefits.

Form 8264, Application for Registration of a Tax Shelter.—If a taxpayer is required to register tax shelters with the IRS, for the purpose of receiving a tax shelter registration number.

Form 8271, Investor Reporting of Tax Shelter Registration Number.—Used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an application for tentative refund on Form 1139 and an amended return) on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter is taken or any income attributable to a tax shelter is reported.

Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business.—Generally, this form is used to report the receipt of more than \$10,000 in cash or the equivalent in any transaction (or in a series of related transactions). However, transactions that have place entirely outside the U.S. do not have to be reported.

E. Paying the Tax.

1. **FSCs with an office or place of business in the U.S.** must pay the tax when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

The tax may be paid by check or money order, payable to the Internal Revenue Service Center, Philadelphia, PA 19255. Do not attach for us to better process your deposits, please write your employer identification number, "Form 1120-FSC," and the period to which the deposit applies on your check.

2. **FSCs with an office or place of business in the U.S.** must pay the tax when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

3. **FSCs with an office or place of business in the U.S.** must pay the tax when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

4. **FSCs with an office or place of business in the U.S.** must pay the tax when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

5. **FSCs with an office or place of business in the U.S.** must pay the tax when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

6. **FSCs with an office or place of business in the U.S.** must pay the tax when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

7. **FSCs with an office or place of business in the U.S.** must pay the tax when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

8. **FSCs with an office or place of business in the U.S.** must pay the tax when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year.

in valuing their inventory and to account for costs in subsequent years. Absent the election of a simplified method, FSCs are required to allocate additional costs to be included in inventory under section 263A with the same degree of specificity as was required for inventoriable costs under prior law.

Line 1.—For tax years beginning after 1985, beginning inventory must be valued as if the section 263A rules had been in effect for all prior periods. For inventory that when sold results in foreign trade income, enter the realized beginning inventory on line 1 of Schedule A. For inventory that when sold results in nonexempt foreign trade income or nonforeign trade income, enter the realized beginning inventory on the computation schedule for lines 5 and 18 of Schedule F. In addition to the valuation, an adjustment to income is required under section 481(a). The section 481 adjustment is taken into account over a period not to exceed 4 years. Also, since the application of section 263A is considered to be a change in accounting method, the FSC is required to complete Form 3115 to show the computation of the section 481(a) adjustment. Attach Form 3115 to Form 1120-FSC. Be sure to use the 1987 revision of Form 3115. See the regulations for more information on valuing beginning inventory.

The section 481(a) income adjustment relating to schedule A is entered in column (a) and column (b) of line 4 of Schedule B. Also enter in column (a) the amount of "481(a) income" allocated to the section 481(a) income to column (a) and (b) of Schedule B in the same way as the beginning inventory was allocated to column (a) and (b) of Schedule A. Enter the section 481(a) income attributable to beginning inventory for the computation of the cost of goods sold on line 5 of Schedule F in the total for line 4, column (a) and (b), of Schedule F. Write to the left of column (a) of line 4, "481(a) income" and the amounts of the 481(a) income entered in column (a) and (b). Enter the section 481(a) income attributable to beginning inventory for the computation of the cost of goods sold on line 18 of Schedule F in the total for line 16, column (a) and (b), of Schedule F. Write to the left of line 16, "481(a) income" and the amount of the 481(a) income.

Line 4.—An entry is required on this line only for FSCs electing a simplified method of accounting. In the case of FSCs electing the simplified production method, additional section 263A costs are generally those costs, other than interest, that were not capitalized or inventoried under the corporation's method of accounting immediately prior to the election date in Regulations section 1.263A-11 but that are now required to be capitalized under section 263A. In the case of taxpayers electing the simplified resale method, additional section 263A costs are generally those costs, other than interest, that were not capitalized or inventoried under the corporation's method of accounting immediately prior to the election date in Regulations section 1.263A-11 but that are now required to be capitalized under section 263A. In the case of taxpayers electing the simplified resale method, additional section 263A costs are generally those costs, other than interest, that were not capitalized or inventoried under the corporation's method of accounting immediately prior to the election date in Regulations section 1.263A-11 but that are now required to be capitalized under section 263A.

Schedule B—Taxable Income. Schedule B provides for the computation of taxable income from all sources

the tax year that were not included on lines 2 and 3. See Regulations section 1.263A-11 for more information.

Line 4b.—Enter on line 4b any costs paid or incurred during the tax year not entered or lines 2 through 4.

Line 5.—See Regulations section 1.263A-11 for more information on figuring the amount of additional section 263A costs to be capitalized and added to ending inventory.

Note: The instructions for lines 1, 4a, 4b, and 5 also apply to the computation of the cost of goods sold for purposes of lines 5 and 18 of Schedule F.

Line 6a. Valuation methods.—Inventories may be valued at: (a) cost; (b) cost or market value, whichever is lower; or (c) any other method approved by the Commissioner or Internal Revenue, that conforms to the applicable regulations cited below.

Taxpayers using erroneous valuation methods should file Form 3115 to change to a method permitted for Federal income tax purposes. For further details, see Regulations section 1.446-1(e)(3) and Rev. Rul. 84-74, 1984-2 CB 738.

In line 6a, check the method(s) used for valuing inventories. Under lower of cost or market, market generally applies to normal conditions when a current bid price prevails at the date the inventory is valued. When no regular open market exists or when quotations are not available for inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For more information, see Regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are "subnormal" (that is, because of damage, imperfections, spoilage, etc.) within the meaning of Regulations section 1.471-2(c). Such goods may be valued at a current bid price setting prices direct cost of disposition (but not less than fair market value) and (b) established. See Regulations section 1.471-2(c) for more requirements.

Use the "last in, first out" (LIFO) inventory method was either adopted or extended to inventory goods not previously included under the LIFO method provided in section 472, Attach Form 970, Application to Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO basis. Enter the amount of the LIFO adjustment (if any) on line 6b. Estimates are acceptable.

If the corporation changed or extended its inventory method to LIFO and had to "write down" its inventory to the LIFO basis at the election, report the effect of this writeup as income (as appropriate in Schedule F, line 4) and as a deduction (as appropriate in Schedule B, line 4) in the year the election was made. See section 472.

Schedule B—Taxable Income. Schedule B provides for the computation of taxable income from all sources

gross receipts for the year. In this case, these receipts would be reported on line 16 of Schedule F.

Line 6a. Through 6b.—Determination of limit on foreign trading gross receipts for the small FSC. See General Instructions for Form 9240-2 before completing this part.

Line 6b. If commission income is reported on lines 1 or 2 of Schedule B, the limit for purposes of line 6b is figured as follows:

1. Enter total of column (a) on line 1 of Schedule B.

2. Enter total commission income reported on line 1 or 2 of Schedule B.

3. Line 1 less line 2.

4. For the commission reported on line 2 above, enter total gross receipts for the sale, lease, or rental of property on which the commissions arose (Section 927(a)(2)).

5. Add lines 3 and 4. Enter on line 6b, Schedule B.

Line 6c. When making the line 6b allocation, only allocate the commission income attributable to the gross receipts on line 4 above. If the foreign trading gross receipts of the FSC exceed the line 6b, Schedule B, limitation, the FSC may select the gross receipts to which the limitation is allocated. See Regulations section 1.921-2(b)(2).

Line 10.—Enter the deduction for cost of goods sold from line 7, Schedule A, except line 10b.—Provides for exclusion of exempt foreign trade income based on certain percentages on lines 9a and 9b.

Line 14.—Enter deductions from Schedule G that are attributable to nonexempt foreign trade income.

Part II. Part II is a summary of taxable foreign gross receipts as defined in section 924(a).

Line 11.—Combine the income on line 15, column (b), with any taxable amount on line 15, column (b). See instruction for Part I, column (b) above, regarding taxable income in column (b). Attach a schedule showing the computation of the taxable amount.

Line 19a. Net operating loss.—The net operating loss (NOL) deduction is the amount of the NOL carryovers and carrybacks from prior years that are carried over to the current year. Generally, a FSC may carry a NOL back to each of the 3 tax years immediately preceding the year of the loss and carry it over to each of the 15 tax years following the year of the loss. See section 172 and related regulations for special rules, limitations, and definitions pertaining to NOL carryback and carryovers. Also, see Publication 536, Net Operating Losses, for more information.

Line 19b. Special Deductions.—A FSC is entitled to a deduction for special deductions for the year in which the loss occurred. Special deductions include: (1) research and development expenses; (2) depletion; (3) amortization; (4) depreciation; (5) depletion; (6) depletion; (7) depletion; (8) depletion; (9) depletion; (10) depletion; (11) depletion; (12) depletion; (13) depletion; (14) depletion; (15) depletion; (16) depletion; (17) depletion; (18) depletion; (19) depletion; (20) depletion; (21) depletion; (22) depletion; (23) depletion; (24) depletion; (25) depletion; (26) depletion; (27) depletion; (28) depletion; (29) depletion; (30) depletion; (31) depletion; (32) depletion; (33) depletion; (34) depletion; (35) depletion; (36) depletion; (37) depletion; (38) depletion; (39) depletion; (40) depletion; (41) depletion; (42) depletion; (43) depletion; (44) depletion; (45) depletion; (46) depletion; (47) depletion; (48) depletion; (49) depletion; (50) depletion; (51) depletion; (52) depletion; (53) depletion; (54) depletion; (55) depletion; (56) depletion; (57) depletion; (58) depletion; (59) depletion; (60) depletion; 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(1064) depletion; (1065) depletion; (1066) depletion; (1067) depletion; (1068) depletion; (1069) depletion; (1070) depletion; (1071) depletion; (1072) depletion; (1073) depletion; (1074) depletion; (1075) depletion; (1076) depletion; (1077) depletion; (1078) depletion; (1079) depletion; (1080) depletion; (1081) depletion; (1082) depletion; (1083) depletion; (1084) depletion; (1085) depletion; (1086) depletion; (1087) depletion; (1088) depletion; (1089) depletion; (1090) depletion; (1091) depletion; (1092) depletion; (1093) depletion; (1094) depletion; (1095) depletion; (1096) depletion; (1097) depletion; (1098) depletion; (1099) depletion; (1100) depletion; (1101) depletion; (1102) depletion; (1103) depletion; (1104) depletion; (1105) depletion; (1106) depletion; (1107) depletion; (1108) depletion; (1109) depletion; (1110) depletion; (1111) depletion; (1112) depletion; (1113) depletion; (1114) depletion; (1115) depletion; (1116) depletion; (1117) depletion; (1118) depletion; (1119) depletion; (1120) depletion; (1121) depletion; (1122) depletion; (1123) depletion; (1124) depletion; (1125) depletion; (1126) depletion; (1127) depletion; (1128) depletion; (1129) depletion; (1130) depletion; (1131) depletion; (1132) depletion; (1133) depletion; (1134) depletion; (1135) depletion; (1136) depletion; (1137) depletion; (1138) depletion; (1139) depletion; (1140) depletion; (1141) depletion; (1142) depletion; (1143) depletion; (1144) depletion; (1145) depletion; (1146) depletion; (1147) depletion; (1148) depletion; (1149) depletion; (1150) depletion; (1151) depletion; (1152) depletion; (1153) depletion; (1154) depletion; (1155) depletion; (1156) depletion; (1157) depletion; (1158) depletion; (1159) depletion; (1160) depletion; (1161) depletion; (1162) depletion; (1163) depletion; (1164) depletion; (1165) depletion; (1166) depletion; (1167) depletion; (1168) depletion; (1169) depletion; (1170) depletion; (1171) depletion; (1172) depletion; (1173) depletion; (1174) depletion; (1175) depletion; (1176) depletion; (1177) depletion; (1178) depletion; (1179) depletion; (1180) depletion; (1181) depletion; (1182) depletion; (1183) depletion; (1184) depletion; (1185) depletion; (1186) depletion; (1187) depletion; (1188) depletion; (1189) depletion; (1190) depletion; (1191) depletion; (1192) depletion; (1193) depletion; (1194) depletion; (1195) depletion; (1196) depletion; (1197) depletion; (1198) depletion; (1199) depletion; (1200) depletion; (1201) depletion; (1202) depletion; (1203) depletion; (1204) depletion; (1205) depletion; (1206) depletion; (1207) depletion; (1208) depletion; (1209) depletion; (1210) depletion; (1211) depletion; (1212) depletion; (1213) depletion; (1214) depletion; (1215) depletion; (1216) depletion; (1217) depletion; (1218) depletion; (1219) depletion; (1220) depletion; (1221) depletion; (1222) depletion; (1223) depletion; (1224) depletion; (1225) depletion; (1226) depletion; (1227) depletion; (1228) depletion; (1229) depletion; (1230) depletion; (1231) depletion; (1232) depletion; (1233) depletion; (1234) depletion; (1235) depletion; (1236) depletion; (1237) depletion; (1238) depletion; (1239) depletion; (1240) depletion; (1241) depletion; (1242) depletion; (1243) depletion; (1244) depletion; (1245) depletion; (1246) depletion; (1247) depletion; (1248) depletion; (1249) depletion; (1250) depletion; (1251) depletion; (1252) depletion; (1253) depletion; (1254) depletion; (1255) depletion; (1256) depletion; (1257) depletion; (1258) depletion; (1259) depletion; (1260) depletion; (1261) depletion; (1262) depletion; (1263) depletion; (1264) depletion; (1265) depletion; (1266) depletion; (1267) depletion; (1268) depletion; (1269) depletion; (1270) depletion; (1271) depletion; (1272) depletion; (1273) depletion; (1274) depletion; (1275) depletion; (1276) depletion; (1277) depletion; (1278) depletion; (1279) depletion; (1280) depletion; (1281) depletion; (1282) depletion; (1283) depletion; (12

Line 4. Foreign tax credit.—Generally, neither a FSC nor its shareholders may claim a foreign tax credit. The FSC may, however, claim a foreign tax credit for any foreign taxes imposed on foreign source nonpassive trade income that is effectively connected with a U.S. trade or business. This income is subject to a separate limitation when computing the foreign tax credit.

A shareholder of a FSC may be entitled to a foreign tax credit on certain distributions from a FSC. These distributions are from foreign-sourced foreign trade income that was determined without using administrative pricing. See Regulations section 1.921-3(f).

Line 6. Alternative minimum tax (and environmental tax).—Attach Form 4626, Alternative Minimum Tax—Corporations, if the taxable income plus adjustments and the tax preference items of the FSC exceeds \$40,000. See Form 4626 for more information. Attach Form 4626 to Form 1120-FSC.

Also, if the FSC is liable for the section 59A environmental tax figured on Form 4626, enter this tax on line 6. Write to the left of line 6 "Sec. 59A tax" and the amount of the tax. See Form 4626 for more information. Attach Form 4626 to Form 1120-FSC.

Line 7. Personal holding company tax.—If the FSC is a personal holding company described in section 542 but not a foreign personal holding company described in section 552, it may be liable for the personal holding company tax. Use Schedule PH (Form 1120). Computation of U.S. Personal Holding Company Tax, to figure this tax. Enter the tax on line 7 and attach Schedule PH (Form 1120) to Form 1120-FSC.

Schedule P (Form 1120-FSC).—Complete and attach a separate Schedule P (Form 1120-FSC) for each transaction or group of transactions to which you apply the transfer pricing rules of section 525. See Schedule P (Form 1120-FSC) for details on completing the schedule.

Schedules A and B—Tax Computation Worksheet

Effective July 1, 1987, the tax rates for corporations were reduced. The new rates of tax are:

- 15% on the first \$50,000 of income;
 - 25% on the next \$25,000 of income; and
 - 34% on any amount over \$75,000.
- Also, an additional tax of 5% is applied against income in excess of \$100,000. The maximum amount of this additional tax is \$11,750.

Corporations with tax years beginning after June 30, 1987, should complete Schedule B (below) only.

Schedule A Tax Computed for Period Before July 1, 1987

- 1 Taxable income (line 20, Schedule B, page 3, Form 1120-FSC)
- 2 Net capital gain (if the alternative tax applies, enter net capital gain from line 10, Schedule D (Form 1120), if the alternative tax does not apply, enter zero. See instructions.)
- 3 Subtract line 2 from line 1.
- 4 Enter the lesser of line 3 or \$25,000 (members of a controlled group, see instructions)
- 5 Subtract line 4 from line 3.
- 6 Enter the lesser of line 5 or \$25,000 (members of a controlled group, see instructions)
- 7 Subtract line 6 from line 5.
- 8 Enter the lesser of line 7 or \$25,000 (members of a controlled group, see instructions)
- 9 Subtract line 8 from line 7.
- 10 Enter the lesser of line 9 or \$25,000 (members of a controlled group, see instructions)
- 11 Subtract line 10 from line 9.
- 12 Multiply line 4 times 15%.
- 13 Multiply line 6 times 18%.
- 14 Multiply line 8 times 30%.
- 15 Multiply line 10 times 40%.
- 16 Multiply line 11 times 45%.
- 17 If line 3 is more than \$1,000,000, enter the lesser of: (a) 5% of the excess of line 3 over \$1,000,000 or (b) \$20,250 (members of a controlled group, see instructions).
- 18 Add amounts on lines 12 through 17.

Schedule B Tax Computed for Period After June 30, 1987

- 19 Enter amount from line 3, Schedule A, above.
- 20 Net capital gain (if the alternative tax applies, enter net capital gain from line 10, Schedule D (Form 1120). If the alternative tax does not apply, enter zero. See instructions.)
- 21 Subtract line 20 from line 19.
- 22 Enter the lesser of line 21 or \$50,000 (members of a controlled group, see instructions)
- 23 Subtract line 22 from line 21.
- 24 Enter the lesser of line 23 or \$25,000 (members of a controlled group, see instructions)
- 25 Subtract line 24 from line 23.
- 26 Multiply line 22 times 15%.
- 27 Multiply line 24 times 15%.
- 28 Multiply line 25 times 34%.
- 29 Additional tax. If line 21 is more than \$100,000, enter the lesser of: (a) 5% of the excess of line 21 over \$100,000 or (b) \$11,750 (members of a controlled group, see instructions)
- 30 Add lines 26 through 29 (if only Schedule B was completed, skip lines 31 through 34. Enter the amount from line 30 on line 3, Schedule J, Form 1120-FSC.)
- 31 Enter amount from line 18, Schedule A, above.
- 32 Line 31 x $\frac{\text{number of days in tax year before 7-1-87}}{\text{number of days in tax year after 6-30-87}}$
- 33 Line 30 x $\frac{\text{number of days in tax year after 6-30-87}}{\text{number of days in tax year}}$
- 34 Tax liability before credits. Add amounts on lines 32 and 33. Enter here and on line 3, Schedule J, Form 1120-FSC. If the alternative tax applies, enter on line 12, Schedule D (Form 1120).

Codes for Principal Business Activity

These codes for the Principal Business Activity are designed to classify enterprises by the type of activity in which they are engaged to facilitate the administration of the Internal Revenue Code. Though similar in format and structure to the Standard Industrial Classification Codes (SIC), they should not be used as SIC codes.

Using the list below, enter on page 1, under D, the code number for the specific industry group. "Receipts" is derived "Total receipts" means the total of receipts on line 6a, Schedule B, and lines 4 and 17 of Schedule J.

On page 2, under O, state the principal business activity and principal product or service that accounts for the largest percentage of total receipts. For example, if the principal business activity is "Wholesale trade, machinery, equipment, and supplies," the principal product or service may be "Engines and turbines."

Agriculture, Forestry, and Fishing		Transportation and Public Utilities		Finance, Insurance, and Real Estate	
Code	Description	Code	Description	Code	Description
0000	All other industries	4000	Transportation	6000	Finance, insurance, and real estate
0001	Agriculture, forestry, and fishing	4001	Trucking and warehousing	6001	Banking
0002	Forestry	4002	Trucking and warehousing	6002	Banking
0003	Fishing	4003	Trucking and warehousing	6003	Banking
0004	Other	4004	Trucking and warehousing	6004	Banking
0005	Other	4005	Trucking and warehousing	6005	Banking
0006	Other	4006	Trucking and warehousing	6006	Banking
0007	Other	4007	Trucking and warehousing	6007	Banking
0008	Other	4008	Trucking and warehousing	6008	Banking
0009	Other	4009	Trucking and warehousing	6009	Banking
0010	Other	4010	Trucking and warehousing	6010	Banking
0011	Other	4011	Trucking and warehousing	6011	Banking
0012	Other	4012	Trucking and warehousing	6012	Banking
0013	Other	4013	Trucking and warehousing	6013	Banking
0014	Other	4014	Trucking and warehousing	6014	Banking
0015	Other	4015	Trucking and warehousing	6015	Banking
0016	Other	4016	Trucking and warehousing	6016	Banking
0017	Other	4017	Trucking and warehousing	6017	Banking
0018	Other	4018	Trucking and warehousing	6018	Banking
0019	Other	4019	Trucking and warehousing	6019	Banking
0020	Other	4020	Trucking and warehousing	6020	Banking
0021	Other	4021	Trucking and warehousing	6021	Banking
0022	Other	4022	Trucking and warehousing	6022	Banking
0023	Other	4023	Trucking and warehousing	6023	Banking
0024	Other	4024	Trucking and warehousing	6024	Banking
0025	Other	4025	Trucking and warehousing	6025	Banking
0026	Other	4026	Trucking and warehousing	6026	Banking
0027	Other	4027	Trucking and warehousing	6027	Banking
0028	Other	4028	Trucking and warehousing	6028	Banking
0029	Other	4029	Trucking and warehousing	6029	Banking
0030	Other	4030	Trucking and warehousing	6030	Banking
0031	Other	4031	Trucking and warehousing	6031	Banking
0032	Other	4032	Trucking and warehousing	6032	Banking
0033	Other	4033	Trucking and warehousing	6033	Banking
0034	Other	4034	Trucking and warehousing	6034	Banking
0035	Other	4035	Trucking and warehousing	6035	Banking
0036	Other	4036	Trucking and warehousing	6036	Banking
0037	Other	4037	Trucking and warehousing	6037	Banking
0038	Other	4038	Trucking and warehousing	6038	Banking
0039	Other	4039	Trucking and warehousing	6039	Banking
0040	Other	4040	Trucking and warehousing	6040	Banking
0041	Other	4041	Trucking and warehousing	6041	Banking
0042	Other	4042	Trucking and warehousing	6042	Banking
0043	Other	4043	Trucking and warehousing	6043	Banking
0044	Other	4044	Trucking and warehousing	6044	Banking
0045	Other	4045	Trucking and warehousing	6045	Banking
0046	Other	4046	Trucking and warehousing	6046	Banking
0047	Other	4047	Trucking and warehousing	6047	Banking
0048	Other	4048	Trucking and warehousing	6048	Banking
0049	Other	4049	Trucking and warehousing	6049	Banking
0050	Other	4050	Trucking and warehousing	6050	Banking
0051	Other	4051	Trucking and warehousing	6051	Banking
0052	Other	4052	Trucking and warehousing	6052	Banking
0053	Other	4053	Trucking and warehousing	6053	Banking
0054	Other	4054	Trucking and warehousing	6054	Banking
0055	Other	4055	Trucking and warehousing	6055	Banking
0056	Other	4056	Trucking and warehousing	6056	Banking
0057	Other	4057	Trucking and warehousing	6057	Banking
0058	Other	4058	Trucking and warehousing	6058	Banking
0059	Other	4059	Trucking and warehousing	6059	Banking
0060	Other	4060	Trucking and warehousing	6060	Banking
0061	Other	4061	Trucking and warehousing	6061	Banking
0062	Other	4062	Trucking and warehousing	6062	Banking
0063	Other	4063	Trucking and warehousing	6063	Banking
0064	Other	4064	Trucking and warehousing	6064	Banking
0065	Other	4065	Trucking and warehousing	6065	Banking
0066	Other	4066	Trucking and warehousing	6066	Banking
0067	Other	4067	Trucking and warehousing	6067	Banking
0068	Other	4068	Trucking and warehousing	6068	Banking
0069	Other	4069	Trucking and warehousing	6069	Banking
0070	Other	4070	Trucking and warehousing	6070	Banking
0071	Other	4071	Trucking and warehousing	6071	Banking
0072	Other	4072	Trucking and warehousing	6072	Banking
0073	Other	4073	Trucking and warehousing	6073	Banking
0074	Other	4074	Trucking and warehousing	6074	Banking
0075	Other	4075	Trucking and warehousing	6075	Banking
0076	Other	4076	Trucking and warehousing	6076	Banking
0077	Other	4077	Trucking and warehousing	6077	Banking
0078	Other	4078	Trucking and warehousing	6078	Banking
0079	Other	4079	Trucking and warehousing	6079	Banking
0080	Other	4080	Trucking and warehousing	6080	Banking
0081	Other	4081	Trucking and warehousing	6081	Banking
0082	Other	4082	Trucking and warehousing	6082	Banking
0083	Other	4083	Trucking and warehousing	6083	Banking
0084	Other	4084	Trucking and warehousing	6084	Banking
0085	Other	4085	Trucking and warehousing	6085	Banking
0086	Other	4086	Trucking and warehousing	6086	Banking
0087	Other	4087	Trucking and warehousing	6087	Banking
0088	Other	4088	Trucking and warehousing	6088	Banking
0089	Other	4089	Trucking and warehousing	6089	Banking
0090	Other	4090	Trucking and warehousing	6090	Banking
0091	Other	4091	Trucking and warehousing	6091	Banking
0092	Other	4092	Trucking and warehousing	6092	Banking
0093	Other	4093	Trucking and warehousing	6093	Banking
0094	Other	4094	Trucking and warehousing	6094	Banking
0095	Other	4095	Trucking and warehousing	6095	Banking
0096	Other	4096	Trucking and warehousing	6096	Banking
0097	Other	4097	Trucking and warehousing	6097	Banking
0098	Other	4098	Trucking and warehousing	6098	Banking
0099	Other	4099	Trucking and warehousing	6099	Banking
0100	Other	4100	Trucking and warehousing	6100	Banking

Department of the Treasury
Internal Revenue Service

For calendar year 1987 or other tax year beginning 1987, and ending 19

A. Date of IC DISC election	Name	C. Employer identification number
Number and street	D. Date incorporated	
City or town, state, and ZIP code	E. Enter total assets from line 3, column (D), Schedule C (See instructions)	

F (1) Did any corporation, individual, partnership, trust or estate at the end of your tax year own, directly or indirectly, 50% or more of your voting stock? (See instructions.)
If "Yes," complete the following schedule (see instructions)

Name	Identifying number	Address	Per cent of stock owned	Total assets (Corporations only)	Foreign owner
					Yes No

(2) Enter the following for any corporation listed in F(1) that will report the IC DISC's income:
Tax year of first corporation: IRS Service Center where return will be filed
Tax year of second corporation: IRS Service Center where return will be filed

G(1) Check the appropriate box(es) to indicate any intercompany pricing rules that were applied to 25% or more of total receipts (line 1 below):
150-50 combined taxable income method ☐ 4% gross receipts method ☐ Section 482 method ("arm's length pricing") ☐
(2) Check here ☐ if the marginal costing rules under section 994(c)(2) were applied in figuring the combined taxable income for any transactions

All Computations Must Reflect Intercompany Pricing Rules If Used
(Section 994) (See Separate Schedule P (Form 1120-IC-DISC))

Taxable Income

1. Enter amount from Schedule B, line 4, column (e)	1
2. Cost of goods sold and/or operations (Schedule A, line 7)	2
3. Total income (subtract line 2 from line 1)	3
4. Enter amount from Schedule E, line 3	4
5. Taxable income before net operating loss deduction and dividends received deduction (subtract line 4 from line 3)	5
6a. Net operating loss deduction (see instructions—attach schedule)	6a
6b. Dividends received deduction from line 6, Schedule C	6b
7. Taxable income (subtract line 6c from line 5)	7

8. Refund of U.S. tax on gasoline and special fuels (attach Form 4136) (see instructions)

Please Sign Here	Signature of officer	Date	Check of self employment <input type="checkbox"/>	Prepare a social security no.
	Signature of preparer	Date	Check of self employment <input type="checkbox"/>	Prepare a social security no.

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

Form 1120-IC-DISC (1987)

SCHEDULE A.—Cost of Goods Sold and/or Operations (See pages 4 and 5 of Instructions.)
Reflect ALL purchases from a related supplier at the transfer price determined under the intercompany pricing rules of section 994, if used. See separate Schedule P (Form 1120-IC-DISC).

1. Inventory at the beginning of the year	1
2. Purchases	2
3. Cost of labor	3
4a. Additional section 263A costs (attach schedule)	4a
5. Other costs (attach schedule)	5
6. Total (add lines 1 through 4b)	6
7. Inventory at the end of the year	7
8. Cost of goods sold and/or operations (subtract line 7 from line 6)—Enter here and on line 2, page 1	8
9. Check all methods used for valuing closing inventory: (i) <input type="checkbox"/> Cost (ii) <input type="checkbox"/> Lower of cost or market as described in regulations section 1.471-4 (see instructions) (iii) <input type="checkbox"/> Writedown of "subnormal" goods as described in regulations section 1.471-2(c) (see instructions) (iv) <input type="checkbox"/> Other (Specify method used and attach explanation)	9
10. Check if the LIFO inventory method was used for this tax year for any goods. (If checked, attach Form 970.) c. If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO	10
11. Was there any change (other than for section 263A purposes) in determining quantities, costs, or valuations between the opening and closing inventory? (If "Yes," attach explanation.) <input type="checkbox"/> Yes <input type="checkbox"/> No Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation? <input type="checkbox"/> Yes <input type="checkbox"/> No	11

SCHEDULE B.—Gross Income (See page 5 of Instructions.)

(a) Type of receipts	(b) Gross receipts	(c) Deductions	(d) Other receipts	(e) Total (add lines (b) and (d))
1. Qualified export receipts from the sale of export property: a. To unrelated purchasers: (i) Direct foreign sales (ii) Foreign sales through a related foreign entity (iii) To persons in the U.S. (other than an unrelated IC DISC) (iv) To an unrelated IC DISC b. To related purchasers: (i) Direct foreign sales (ii) To persons in the U.S. c. Total				
2. Other qualified export receipts: a. Leasing or renting of export property b. Services related and subsidiary to a qualified export sale or lease c. Engineering and architectural services d. Export management services e. Qualified dividends (line 12, Schedule C) f. Interest on producer's loans g. Other interest (attach schedule) h. Capital gain net income (attach Schedule D (Form 1120)) i. Net gain (or loss) from Part II, Form 4797 (attach Form 4797; see instructions) j. Other (see instructions—attach schedule) k. Total				
3. Nonqualified gross receipts: a. Ultimate use in U.S. b. Exports subsidized by the U.S. Government (see instructions) c. Certain direct or indirect sales or leases for use by the U.S. Government d. Sales to other IC DISCs in the same controlled group e. Nonqualified dividends (line 13, Schedule C) f. Other (see instructions—attach schedule) g. Total				
4. Total—Enter amount in column (e) on line 1, page 1				

SCHEDULE C.—Dividends and Special Deductions (See page 6 of Instructions.)

1. Domestic corporations subject to section 243(a) deduction (other than debt-financed stock)	(a) Dividends (see instructions)	(b) %	(c) Special Deductions (see instructions)
2. Debt-financed stock of domestic and foreign corporations (section 246A)			
3. Certain preferred stock of public utilities (section 246)			
4. Foreign corporations and certain FSCs subject to section 245 deduction			
5. Wholly owned foreign subsidiaries subject to 100% deduction (section 245(b))			
6. Total—Add lines 1 through 5, column (c). See instructions for limitation. Enter here and on line 6b, page 1			
7. Other dividends from foreign corporations not included in lines 4 and 5			
8. Income from controlled foreign corporations under subpart F (attach Form 5471)			
9. IC DISC or former DISC dividends not included in line 1 and/or 2 (section 246(d))			
10. Other dividends			
11. Total dividends (add lines 1 through 10, column (a))			
12. Qualified dividends—Enter here and on line 2e, column (d), Schedule B			
13. Nonqualified dividends (subtract line 12 from line 11)—Enter here and on line 3e, column (d), Schedule B			

SCHEDULE D.—Deductions (See page 7 of the Instructions for Limitations on Deductions before completing Schedule E.)

1. Export promotion expenses	
a. Market studies	
b. Advertising	
c. Representation (attach Form 4562)	
d. Salaries and wages	
e. Rents	
f. Sales commissions	
g. Warehousing	
h. Freight (excluding insurance—see instructions)	
i. Compensation of officers	
j. Repairs (see instructions)	
k. Pension, profit sharing, etc., plans (see instructions)	
l. Employee benefit programs	
m. Other (list)	
n. Total (add lines 1a through 1m)	
2. Other expenses not deducted on line 1	
a. Bad debts (see instructions)	
b. Taxes	
c. Interest	
d. Contributions (not over 10% of line 7, page 1, adjusted per instructions)	
e. Freight (see instructions)	
f. Freight insurance	
g. Other (list)	
h. Total (add lines 2a through 2g)	
3. Total deductions (add lines 1n and 2h)—Enter here and on line 4, page 1	

SCHEDULE J.—Deemed and Actual Distributions to Shareholders for the Tax Year (See page 8 of Instructions.)

Part I.—Deemed Distributions Under Section 995(b)(1)	
1. Gross interest derived during the tax year from producer's loans (section 995(b)(1)(A))	1
2. Gain recognized on the sale or exchange of section 995(b)(1)(B) property (attach schedule)	2
3. Gain recognized on the sale or exchange of section 995(b)(1)(C) property (attach schedule)	3
4. 50% of taxable income attributable to military property (section 995(b)(1)(D)) (see instructions—attach schedule)	4
5. Taxable income from line 7, Part II	5
6. Taxable income of the IC DISC (from line 7, page 1)	6
7. Add lines 1, 2, 3, 4 and 5	7
8. Subtract line 7 from line 6	8
9. If you have shareholders that are C corporations, enter one-seventeenth of line 8 (0.0588235 times line 8)	9
10. International boycott income (see instructions)	10
11. Illegal bribes and other payments (see instructions)	11
Note: Separate computations are required for shareholders that are C corporations and shareholders other than C corporations for lines 12, 13, 14, 15, 16, 17b, 18, 20, and 23 for shareholders that are C corporations. Complete lines 13, 14, 16, 17b, 19, 21, and 23 for shareholders that are C corporations.	
12. Total of lines 7, 10, and 11	12
13. Total of lines 7, 9, 10, and 11	13
14. Earnings and profits for the tax year (see instructions—attach schedule)	14
15. Enter smaller of line 12 or 14	15
16. Enter smaller of line 13 or 14	16
17. Foreign investment attributable to producer's loans (see instructions—attach schedule): a. Computation of amount for shareholders other than C corporations b. Computation of amount for shareholders that are C corporations	17a 17b
18. Add lines 15 and 17a	18
19. Add lines 16 and 17b	19
20. Enter percentage of stock owned by shareholders other than C corporations	20
21. Enter percentage of stock owned by shareholders that are C corporations	21
22. Multiply line 18 by line 20 (see instructions)	22
23. Multiply line 19 by line 21 (see instructions)	23
24. Total deemed distributions under section 995(b)(1) for all shareholders—Add lines 22 and 23	24
Part II.—Section 995(b)(1)(E) Computation	
1. Total qualified export receipts (see instructions)	1
2. Statutory maximum	2
3. Controlled group member's portion of the statutory maximum (see instructions)	3
4. Enter smaller of: (a) number of days in tax year divided by 365, or (b) 1 (one) (see instructions)	4
5. Proration—Line 2 or 3, whichever is applicable, times line 4	5
6. Excess qualified export receipts—Line 1 less line 5. (If line 5 exceeds line 1, enter zero here and on line 7 below.)	6
7. Taxable income attributable to line 6 receipts—Enter here and on line 5 of Part I (see instructions)	7
Part III.—Deemed Distributions Under Section 995(b)(2)	
1. Annual installment of distribution attributable to revocation of election in an earlier year	1
2. Annual installment of distribution attributable to not qualifying as a DISC or IC DISC in an earlier year	2
3. Total deemed distributions under section 995(b)(2) (add lines 1 and 2)	3
Part IV.—Actual Distributions	
1. Distributions to meet qualification requirements under section 992(c) (attach computation)	1
2. Other actual distributions	2
3. Total (add lines 1 and 2)	3
4. Amount on line 3 treated as distributed from: a. Previously taxed income (see instructions)	4a
b. Accumulated IC DISC income (including IC DISC income of the current year)	4b
c. Other earnings and profits	4c
d. Other	4d
Part V.—Deferred DISC Income Under Section 995(f)(3)	
1. Accumulated IC DISC income (for periods after 1984) at end of computation year	1
2. Distributions in excess of income for the tax year following the computation year to which line 1 applies	2
3. Deferred DISC income—Subtract line 2 from line 1	3

Multiple, the dividends received in each period by the percent percentage to determine the correct dividends received under item 1.

4. The dividends received deduction percentage(s) for line 4 is (1) 80% for dividends from foreign corporations for which the deduction is allowed under section 243(a), and (2) 85% for dividends from certain U.S. corporations for which the deduction is allowed under section 243(c)(1). Note: The 85% will be reduced to 80% if pending technical corrections legislation is enacted.

6. Line 6 of Schedule C may not exceed 80% of line 5. For this purpose, figure line 5, page 1, without net operating loss deduction under section 172 and without any dividends received under section 1059, and to any capital loss carryover to the tax year under section 1212(b)(1).

In a year when net operating loss occurs, this 80% limit does not apply even if the dividend received deduction creates the loss.

Schedule E.—Deductions

(Must be completed to line numbers in Schedule E.)

Limitations on deductions.

a. Section 263A Uniform Capitalization Rules.—Many items that were deductible under prior law must now be capitalized or included in inventory under the new uniform capitalization rules of section 263A. The new rules require corporations to capitalize or include in inventory certain costs incurred in connection with the production of real and personal tangible property held in inventory or held for sale in the ordinary course of business. Tangible personal property is property that is a tangible item, such as a building, video tape, book, or similar asset, which is not used for personal purposes (tangible and intangible) acquired for resale.

Taxpayers subject to the rules are required to capitalize not only direct costs but also an allocable portion of most indirect costs (including taxes) that benefit the assets produced or acquired for resale. Interest expense paid or incurred in connection with the production of property is also capitalized and is governed by special rules. The uniform capitalization rules also apply to the production of property constructed by a taxpayer for use in its trade or business or in an actively engaged trade or profession.

Section 263A does not apply to personal property acquired for resale to the taxpayer's annual average gross receipts are \$10,000,000 or less. It does not apply to limited liability partnerships, or to property which is produced for use by the taxpayer if substantial construction occurred before March 1, 1985.

The uniform capitalization rules are generally effective for costs and interest paid or incurred after 1985. With respect to inventory, the uniform capitalization rules apply to the tax year beginning after 1985. Transitional rules are contained in section 203 of the Tax Reform Act of 1986.

In the case of inventory, some of the indirect costs which may have been

capitalized before 1987, which must now be capitalized, are administrative expenses, labor, maintenance costs, compensation paid to officers attributable to services, work labor, and contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

Current deductions may be claimed for research and experimental costs under section 174. Intangible drilling costs for oil and gas and exploration and development costs are still separately reported to shareholders for purposes of determining under sections 59 and 613A(c)(1). Temporary Regulations under section 1.263A-1T specify other indirect costs that may be currently deducted and those that must be capitalized with respect to production or resale activities. For more information, see the instructions for Schedule A on pages 4 and 5 and Temporary Regulations section 1.263A-1T.

b. Meals and Entertainment Expense.

For tax years beginning after 1985, the amount deductible for business meals and entertainment expense is generally limited to 80% of the amount otherwise allowable. For more information on the 80% limitation and other limitations, see section 274.

c. Transactions between related taxpayers.

Generally, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is received in the income of the related party. See section 267 for limitations on deductions for unpaid expenses and interest.

Line by Line Instructions.

1. Enter export promotion expenses on lines 1a through 1c. Export promotion expenses are an IC-DISC's ordinary and necessary expenses paid or incurred to obtain foreign sales or to obtain export privileges. Do not include income taxes. Any part of an expense not used to obtain export privileges should be entered on lines 2a through 2g.

1a. Attach Form 4562, Depreciation, if you deduct depreciation on Schedule A or elsewhere on the return.

1b. This section includes line 1c. The portion of the cost that the corporation elected to expense for certain recovery purposes is placed in section 481 of the 1987 tax year. Generally, for property placed in service after December 31, 1986, the amount the IC-DISC may expense under section 179 has been raised from \$5,000 to \$10,000. See the instructions for Form 4562 for details.

11. Enter the cost of incidental repairs, such as labor and supplies, that do not add to the property's value or appreciably prolong its life.

12. If the IC-DISC has any kind of funded deferred compensation plan, such as a pension or profit-sharing plan, file one of the forms described below.

There are penalties for failure to file these forms on time.

Form 5500.—Complete this form for each plan with 100 or more participants.

Form 5500-C or 5500-CR.—Complete the applicable form for each plan with fewer than 100 participants.

Form 5500CZ.—Complete this form for a one participant plan.

13. Enter your contributions to employee benefit programs, such as insurance or health and welfare programs, that are not an incidental part of a plan included on line 12.

14. Also include contributions to a qualified group-term life insurance plan. Section 120 provides certain rules that the IC-DISC must follow for its employees (including spouses and dependents) to be able to exclude from their income the IC-DISC's contributions to the plan.

15. Enter any other deduction not claimed above. Include amortization expense from Form 4562.

Note: The deduction for amortization of trademark and trade name expenses has been raised from 1985 to 1986.

2a. You may take a deduction for specific debt for 1985, 1986, or 1987, or in whole or in part, or (2) as a deduction for a reasonable addition to the cost of the debt. For tax years beginning after 1986, the IC-DISC can only use the specific charge method for figuring its bad debt deduction. See section 166 for details.

When changing to the specific charge method, the following rules apply:

- The change is treated as a change in the IC-DISC's accounting method that is initiated by the taxpayer.
- The change shall be considered as approved by the Commissioner.
- The net amount of adjustments required by section 481 is treated as the change in accounting method must be reported as income as explained below.

The amount of the adjustment referred to in the preceding paragraph is the balance of the debt reserve at the close of the IC-DISC's 1986 tax year (column (b), Schedule F, Form 1120-IC-DISC).

11. Enter the freight expenses (except insurance) for shipping export property to the United States. This includes the cost of shipping and handling charges, and the cost of insurance, unless by use of U.S. regulations you are required to use U.S. carriers.

12. Attach a schedule showing the name, social security number, amount of compensation paid to all officers.

An officer is a person, such as a regular officer or chairman of the board, who is appointed to an office or is designated as an officer in the corporation's charter or bylaws.

Do not include state or local sales taxes that are paid or incurred in connection with an acquisition or disposition of property. Such taxes must be treated as a part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition.

Section 164(d) for apportionment of taxes on real property between seller and purchaser.

2c. Do not deduct interest on debt incurred or continued to buy or carry out the business on which the interest is incurred from income tax. (See section 265.)

Section 267 limits deductions for unpaid expenses and interest in transactions between related taxpayers. Section 461(g) limits a cash basis taxpayer's deduction for prepaid interest.

2d. Enter contributions or gifts paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c).

The IC-DISC may claim up to 10% of modified adjusted taxable income as contributions. The limit is 10% of the amount on line 7, page 1, figured without the deduction for contributions, and before taking the dividends received deduction.

Section 170(c)(1)(B) provides that the deduction for contributions, or payments made to the National Red Cross, and before figuring carrybacks to the 1987 tax year for net operating loss (section 171) or capital loss (section 1212(a)(1)). Do not deduct charitable contributions above the 10% limit for the 1987 tax year. The amount of contributions made in the 1987 tax year in excess of the 10% limit will be carried over to the next 5 succeeding tax years until deducted against the 10% limitation of one of the 5 succeeding tax years.

A corporation on the accrual basis may elect to treat the entire amount of the 15th day of the third month after the tax year ends of the board of directors authorized the contributions during the tax year. Attach both of the following to the return:

(1) A declaration, signed by an officer, that the board of directors authorized the resolution authorizing the contributions during the tax year, and a copy of the resolution.

If a contribution is made in property other than cash, attach a schedule describing the kind contributed and what method was used to determine the fair market value of the property.

Special rules for contributions of certain property.—For a charitable contribution of property of the corporation of business:

1. The ordinary income, short-term capital gain, or long-term capital gain of the property is its fair market value.

2. For contributions made in tax years beginning after 1986, all of the long-term capital gain that would have resulted if the property were sold at the end of the tax year is treated as ordinary income.

3. Contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the business for its exemption, and

4. Enter taxes paid or accrued during the tax year.

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2. Contributions of any property (except stock for which market quotations are readily available) to certain private foundations (see section 170(e)(1)(B)(i)) and to certain other private foundations (see section 170(e)(1)(B)(ii)) are not deductible.

For special rules for contributions of inventory and other property to certain private foundations, see section 170(e)(1)(B)(iii) and Regulations section 1.170A-4A.

2a. Enter the freight expense not deducted on line 11a, and the amount of the expense not deducted on line 11b, and the amount of the expense not deducted on line 11c, and the amount of the expense not deducted on line 11d, and the amount of the expense not deducted on line 11e, and the amount of the expense not deducted on line 11f, and the amount of the expense not deducted on line 11g, and the amount of the expense not deducted on line 11h, and the amount of the expense not deducted on line 11i, and the amount of the expense not deducted on line 11j, and the amount of the expense not deducted on line 11k, and the amount of the expense not deducted on line 11l, and the amount of the expense not deducted on line 11m, and the amount of the expense not deducted on line 11n, and the amount of the expense not deducted on line 11o, and the amount of the expense not deducted on line 11p, and the amount of the expense not deducted on line 11q, and the amount of the expense not deducted on line 11r, and the amount of the expense not deducted on line 11s, and the amount of the expense not deducted on line 11t, and the amount of the expense not deducted on line 11u, and the amount of the expense not deducted on line 11v, and the amount of the expense not deducted on line 11w, and the amount of the expense not deducted on line 11x, and the amount of the expense not deducted on line 11y, and the amount of the expense not deducted on line 11z, and the amount of the expense not deducted on line 11aa, and the amount of the expense not deducted on line 11ab, and the amount of the expense not deducted on line 11ac, and the amount of the expense not deducted on line 11ad, and the amount of the expense not deducted on line 11ae, and the amount of the expense not deducted on line 11af, and the amount of the expense not deducted on line 11ag, and the amount of the expense not deducted on line 11ah, and the amount of the expense not deducted on line 11ai, and the amount of the expense not 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deducted on line 11bs, and the amount of the expense not deducted on line 11bt, and the amount of the expense not deducted on line 11bu, and the amount of the expense not deducted on line 11bv, and the amount of the expense not deducted on line 11bw, and the amount of the expense not deducted on line 11bx, and the amount of the expense not deducted on line 11by, and the amount of the expense not deducted on line 11bz, and the amount of the expense not deducted on line 11ca, and the amount of the expense not deducted on line 11cb, and the amount of the expense not deducted on line 11cc, and the amount of the expense not deducted on line 11cd, and the amount of the expense not deducted on line 11ce, and the amount of the expense not deducted on line 11cf, and the amount of the expense not deducted on line 11cg, and the amount of the expense not deducted on line 11ch, and the amount of the expense not deducted on line 11ci, and the amount of the expense not deducted on line 11cj, and the amount of the expense not deducted on line 11ck, and the amount of the expense not deducted on line 11cl, and the amount of the expense not deducted on line 11cm, and the amount of the expense not deducted on line 11cn, and the amount of the expense not deducted on line 11co, and the amount of the expense not deducted on line 11cp, and the amount of the expense not deducted on line 11cq, and the amount of the expense not deducted on line 11cr, and the amount of the expense not deducted on line 11cs, and the amount of the expense not deducted on line 11ct, and the amount of the expense not deducted on line 11cu, and the amount of the expense not deducted on line 11cv, and the amount of the expense not deducted on line 11cw, and the amount of the expense not deducted on line 11cx, and the amount of the expense not deducted on line 11cy, and the amount of the expense not deducted on line 11cz, and the amount of the expense not deducted on line 11da, and the amount of the expense not 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amount of the expense not deducted on line 11kn, and the amount of the expense not deducted on line 11ko, and the amount of the expense not deducted on line 11kp, and the amount of the expense not deducted on line 11kq, and the amount of the expense not deducted on line 11kr, and the amount of the expense not deducted on line 11ks, and the amount of the expense not deducted on line 11kt, and the amount of the expense not deducted on line 11ku, and the amount of the expense not deducted on line 11kv, and the amount of the expense not deducted on line 11kw, and the amount of the expense not deducted on line 11kx, and the amount of the expense not deducted on line 11ky, and the amount of the expense not deducted on line 11kz, and the amount of the expense not deducted on line 11la, and the amount of the expense not deducted on line 11lb, and the amount of the expense not deducted on line 11lc, and the amount of the expense not deducted on line 11ld, and the amount of the expense not deducted on line 11le, and the amount of the expense not deducted on line 11lf, and the amount of the expense not deducted on line 11lg, and the amount of the expense not deducted on line 11lh, and the amount of the expense not deducted on line 11li, and the amount of the expense not deducted on line 11lj, and the amount of the expense not deducted on line 11lk, and the amount of the expense not deducted on line 11ll, and the amount of the expense not deducted on line 11lm, and the amount of the expense not deducted on line 11ln, and the amount of the expense not deducted on line 11lo, and the amount of the expense not deducted on line 11lp, and the amount of the expense not deducted on line 11lq, and the amount of the expense not deducted on line 11lr, and the amount of the expense not deducted on line 11ls, and the amount of the expense not deducted on line 11lt, and the amount of the expense not deducted on line 11lu, and the amount of the expense not deducted on line 11lv, and the amount of the expense not deducted on line 11lw, and the amount of the expense not deducted on line 11lx, and the amount of the expense not deducted on line 11ly, and the amount of the expense not deducted on line 11lz, and the amount of the expense not deducted on line 11ma, and the amount of the expense not deducted on line 11mb, and the amount of the expense not deducted on line 11mc, and the amount of the expense not deducted on line 11md, and the amount of the expense not deducted on line 11me, and the amount of the expense not deducted on line 11mf, and the amount of the expense not deducted on line 11mg, and the amount of the expense not deducted on line 11mh, and the amount of the expense not deducted on line 11mi, and the amount of the expense not deducted on line 11mj, and the amount of the expense not deducted on line 11mk, and the amount of the expense not deducted on line 11ml, and the amount of the expense not deducted on line 11mm, and the amount of the expense not deducted on line 11mn, and the amount of the expense not deducted on line 11mo, and the amount of the expense not deducted on line 11mp, and the amount of the expense not deducted on line 11mq, and the amount of the expense not deducted on line 11mr, and the amount of the expense not deducted on line 11ms, and the amount of the expense not deducted on line 11mt, and the amount of the expense not deducted on line 11mu, and the amount of the expense not deducted on line 11mv, and the amount of the expense not deducted on line 11mw, and the amount of the expense not deducted on line 11mx, and the amount of the expense not deducted on line 11my, and the amount of the expense not deducted on line 11mz, and the amount of the expense not deducted on line 11na, and the amount of the expense not deducted on line 11nb, and the amount of the expense not deducted on line 11nc, and the amount of the expense not deducted on line 11nd, and the amount of the expense not deducted on line 11ne, and the amount of the expense not deducted on line 11nf, and the amount of the expense not deducted on line 11ng, and the amount of the expense not deducted on line 11nh, and the amount of the expense not deducted on line 11ni, and the amount of the expense not deducted on line 11nj, and the amount of the expense not deducted on line 11nk, and the amount of the expense not deducted on line 11nl, and the amount of the expense not deducted on line 11nm, and the amount of the expense not deducted on line 11nn, and the amount of the expense not deducted on line 11no, and the amount of the expense not deducted on line 11np, and the amount of the expense not deducted on line 11nq, and the amount of the expense not deducted on line 11nr, and the amount of the expense not deducted on line 11ns, and the amount of the expense not deducted on line 11nt, and the amount of the expense not deducted on line 11nu, and the amount of the expense not deducted on line 11nv, and the amount of the expense not deducted on line 11nw, and the amount of the expense not deducted on line 11nx, and the amount of the expense not deducted on line 11ny, and the amount of the expense not deducted on line 11nz, and the amount of the expense not deducted on line 11oa, and the amount of the expense not deducted on line 11ob, and the amount of the expense not deducted on line 11oc, and the amount of the expense not deducted on line 11od, and the amount of the expense not deducted on line 11oe, and the amount of the expense not deducted on line 11of, and the amount of the expense not deducted on line 11og, and the amount of the expense not deducted on line 11oh, and the amount of the expense not deducted on line 11oi, and the amount of the expense not deducted on line 11oj, and the amount of the expense not deducted on line 11ok, and the amount of the expense not deducted on line 11ol, and the amount of the expense not deducted on line 11om, and the amount of the expense not deducted on line 11on, and the amount of the expense not deducted on line 11oo, and the amount of the expense not deducted on line 11op, and the amount of the expense not deducted on line 11oq, and the amount of the expense not deducted on line 11or, and the amount of the expense not deducted on line 11os, and the amount of the expense not deducted on line 11ot, and the amount of the expense not deducted on line 11ou, and the amount of the expense not deducted on line 11ov, and the amount of the expense not deducted on line 11ow, and the amount of the expense not deducted on line 11ox, and the amount of the expense not deducted on line 11oy, and the amount of the expense not deducted on line 11oz, and the amount of the expense not deducted on line 11pa, and the amount of the expense not deducted on line 11pb, and the amount of the expense not deducted on line 11pc, and the amount of the expense not deducted on line 11pd, and the amount of the expense not deducted on line 11pe, and the amount of the expense not deducted on line 11pf, and the amount of the expense not deducted on line 11pg, and the amount of the expense not deducted on line 11ph, and the amount of the expense not deducted on line 11pi, and the amount of the expense not deducted on line 11pj, and the amount of the expense not deducted on line 11pk, and the amount of the expense not deducted on line 11pl, and the amount of the expense not deducted on line 11pm, and the amount of the expense not deducted on line 11pn, and the amount of the expense not deducted on line 11po, and the amount of the expense not deducted on line 11pp, and the amount of the expense not deducted on line 11pq, and the amount of the expense not deducted on line 11pr, and the amount of the expense not deducted on line 11ps, and the amount of the expense not deducted on line 11pt, and the amount of the expense not deducted on line 11pu, and the amount of the expense not deducted on line 11pv, and the amount of the expense not deducted on line 11pw, and the amount of the expense not deducted on line 11px, and the amount of the expense not deducted on line 11py, and the amount of the expense not deducted on line 11pz, and the amount of the expense not deducted on line 11qa, and the amount of the expense not deducted on line 11qb, and the amount of the expense not deducted on line 11qc, and the amount of the expense not deducted on line 11qd, and the amount of the expense not deducted on line 11qe, and the amount of the expense not deducted on line 11qf, and the amount of the expense not deducted on line 11qg, and the amount of the expense not deducted on line 11qh, and the amount of the expense not deducted on line 11qi, and the amount of the expense not deducted on line 11qj, and the amount of the expense not deducted on line 11qk, and the amount of the expense not deducted on line 11ql, and the amount of the expense not deducted on line 11qm, and the amount of the expense not deducted on line 11qn, and the amount of the expense not deducted on line 11qo, and the amount of the expense not deducted on line 11qp, and the amount of the expense not deducted on line 11qq, and the amount of the expense not deducted on line 11qr, and the amount of the expense not deducted on line 11qs, and the amount of the expense not deducted on line 11qt, and the amount of the expense not deducted on line 11qu, and the amount of the expense not deducted on line 11qv, and the amount of the expense not deducted on line 11qw, and the amount of the expense not deducted on line 11qx, and the amount of the expense not deducted on line 11qy, and the amount of the expense not deducted on line 11qz, and the amount of the expense not deducted on line 11ra, and the amount of the expense not deducted on line 11rb, and the amount of the expense not deducted on line 11rc, and the amount of the expense not deducted on line 11rd, and the amount of the expense not deducted on line 11re, and the amount of the expense not deducted on line 11rf, and the amount of the expense not deducted on line 11rg, and the amount of the expense not deducted on line 11rh, and the amount of the expense not deducted on line 11ri, and the amount of the expense not deducted on line 11rj, and the amount of the expense not deducted on line 11rk, and the amount of the expense not deducted on line 11rl, and the amount of the expense not deducted on line 11rm, and the amount of the expense not deducted on line 11rn, and the amount of the expense not deducted on line 11ro, and the amount of the expense not deducted on line 11rp, and the amount of the expense not deducted on line 11rq, and the amount of the expense not deducted on line 11rr, and the amount of the expense not deducted on line 11rs, and the amount of the expense not deducted on line 11rt, and the amount of the expense not deducted on line 11ru, and the amount of the expense not deducted on line 11rv, and the amount of the expense not deducted on line 11rw, and the amount of the expense not deducted on line 11rx, and the amount of the expense not deducted on line 11ry, and the amount of the expense not deducted on line 11rz, and the amount of the expense not deducted on line 11sa, and the amount of the expense not deducted on line 11sb, and the amount of the expense not deducted on line 11sc, and the amount of the expense not deducted on line 11sd, and the amount of the expense not deducted on line 11se, and the amount of the expense not deducted on line 11sf, and the amount of the expense not deducted on line 11sg, and the amount of the expense not deducted on line 11sh, and the amount of the expense not deducted on line 11si, and the amount of the expense not deducted on line 11sj, and the amount of the expense not deducted on line 11sk, and the amount of the expense not deducted on line 11sl, and the amount of the expense not deducted on line 11sm, and the amount of the expense not deducted on line 11sn, and the amount of the expense not deducted on line 11so, and the amount of the expense not deducted on line 11sp, and the amount of the expense not deducted on line 11sq, and the amount of the expense not deducted on line 11sr, and the amount of the expense not deducted on line 11ss, and the amount of the expense not deducted on line 11st, and the amount of the expense not deducted on line 11su, and the amount of the expense not deducted on line 11sv, and the amount of the expense not deducted on line 11sw, and the amount of the expense not deducted on line 11sx, and the amount of the expense not deducted on line 11sy, and the amount of the expense not deducted on line 11sz, and the amount of the expense not deducted on line 11ta, and the amount of the expense not deducted on line 11tb, and the amount of the expense not deducted on line 11tc, and the amount of the expense not deducted on line 11td, and the amount of the expense not deducted on line 11te, and the amount of the expense not deducted on line 11tf, and the amount of the expense not deducted on line 11tg, and the amount of the expense not deducted on line 11th, and the amount of the expense not deducted on line 11ti, and the amount of the expense not deducted on line 11tj, and the amount of the expense not deducted on line 11tk, and the amount of the expense not deducted on line 11tl, and the amount of the expense not deducted on line 11tm, and the amount of the expense not deducted on line 11tn, and the amount of the expense not deducted on line 11to, and the amount of the expense not deducted on line 11tp, and the amount of the expense not deducted on line 11tq, and the amount of the expense not deducted on line 11tr, and the amount of the expense not deducted on line 11ts, and the amount of the expense not deducted on line 11tt, and the amount of the expense not deducted on line 11tu, and the amount of the expense not deducted on line 11tv, and the amount of the expense not deducted on line 11tw, and the amount of the expense not deducted on line 11tx, and the amount of the expense not deducted on line 11ty, and the amount of the expense not deducted on line 11tz, and the amount of the expense not deducted on line 11ua, and the amount of the expense not deducted on line 11ub, and the amount of the expense not deducted on line 11uc, and the amount of the expense not deducted on line 11ud, and the amount of the expense not deducted on line 11ue, and the amount of the expense not deducted on line 11uf, and the amount of the expense not deducted on line 11ug, and the amount of the expense not deducted on line 11uh, and the amount of the expense not deducted on line 11ui, and the amount of the expense not deducted on line 11uj, and the amount of the expense not deducted on line 11uk, and the amount of the expense not deducted on line 11ul, and the amount of the expense not deducted on line 11um, and the amount of the expense not deducted on line 11un, and the amount of the expense not deducted on line 11uo, and the

Codes for Principal Business Activity

These codes for the Principal Business Activity are designed to classify enterprises by the type of activity in which they are engaged to facilitate the administration of the Internal Revenue Code. Though similar in format and structure to the Standard Industrial Classification (SIC) codes, they should not be used for SIC codes. Also, certain activities such as manufacturing do not apply to an IC DISC.

Using the list below, enter on page 1, under B, the code number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means all income (line 1, page 1). On page 5, under question 1, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Wholesale trade, machinery, equipment, and supplies," the principal product or service may be "Engines and turbines."

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES

Code	Nonresidential
4000	Transportation
4100	Other transportation
4200	Other transportation services
4300	Electric, gas, and sanitary services
4400	Electric services
4500	Gas production and distribution
4600	Sanitary services

RETAIL TRADE

Code	Nonresidential
5000	Building materials, hardware, garden supplies, and mobile home dealers
5100	Building materials dealers
5200	Hardware stores
5300	Garden supplies and mobile home dealers
5400	General merchandise stores
5500	Grocery stores
5600	Other food stores
5700	Automotive dealers and service stations
5800	Motor vehicle dealers
5900	Other automotive dealers

FINANCE, INSURANCE, AND REAL ESTATE

Code	Nonresidential
6000	Finance, insurance, and real estate
6100	Other credit agencies
6200	Insurance
6300	Real estate

MANUFACTURED PRODUCT GROUPS

Code	Nonresidential
7000	Food and kindred products
7100	Textile mill products
7200	Chemical and allied products
7300	Metals and metal products
7400	Stone, clay, glass, and concrete products
7500	Leather and leather products
7600	Rubber, plastic, and miscellaneous products
7700	Other miscellaneous products

NONMANUFACTURED PRODUCT GROUPS AND SERVICES

Code	Nonresidential
8000	Other miscellaneous products
8100	Other miscellaneous products
8200	Other miscellaneous products
8300	Other miscellaneous products
8400	Other miscellaneous products
8500	Other miscellaneous products
8600	Other miscellaneous products
8700	Other miscellaneous products
8800	Other miscellaneous products
8900	Other miscellaneous products

Other

Code	Nonresidential
9000	Other
9100	Other
9200	Other
9300	Other
9400	Other
9500	Other
9600	Other
9700	Other
9800	Other
9900	Other

Schedule N Product Code System

(These codes are to be used only with Schedule N, page 5, Form 1120-IC-DISC.)

Using the list below, enter on line 1 of Schedule N the product code number and percent of export gross receipts as explained in the Specific Instructions.

This product code system is divided into two categories: (1) nonmanufactured product groups and services, and (2) manufactured product groups.

NONMANUFACTURED PRODUCT GROUPS AND SERVICES

Code	Description
010	Food and kindred products
020	Textile mill products
030	Chemical and allied products
040	Metals and metal products
050	Stone, clay, glass, and concrete products
060	Leather and leather products
070	Rubber, plastic, and miscellaneous products
080	Other miscellaneous products
090	Other

MANUFACTURED PRODUCT GROUPS

Code	Description
100	Food and kindred products
110	Textile mill products
120	Chemical and allied products
130	Metals and metal products
140	Stone, clay, glass, and concrete products
150	Leather and leather products
160	Rubber, plastic, and miscellaneous products
170	Other miscellaneous products
180	Other

Code	Description
190	Food and kindred products
200	Textile mill products
210	Chemical and allied products
220	Metals and metal products
230	Stone, clay, glass, and concrete products
240	Leather and leather products
250	Rubber, plastic, and miscellaneous products
260	Other miscellaneous products
270	Other

2555 Foreign Earned Income

OMB No. 1545-0047
1987
Attachment
Schedule No. 34

For Use by United States Citizens and Resident Aliens Only

Name of taxpayer: _____ Your social security number: _____

Form or address (including country): _____

Name of employer: _____
Employer's address: _____
Employer's country: _____

Employer's (check one):
☐ A foreign entity
☐ A foreign affiliate of a U.S. company
☐ Self
☐ Other (specify): _____

If you chose to claim an exclusion in an earlier year (after 1981), have you revoked your choice?
If "Yes," give the type of exclusion and the tax year for which the revocation was effective: _____

Test under which you qualify to claim the exclusion(s) and/or deduction:
☐ Bona fide residence test (Part III)
☐ Physical presence test (Part IV)

Are you a U.S. citizen? ☐ Yes ☐ No

Did you maintain a separate foreign residence for your family because of adverse living conditions at your home?
If "Yes," give city and country of the separate foreign residence. Also show the number of days during your tax year that you maintained a second household at that address: _____

List your tax homes during your tax year and date(s) established: _____

Complete either Part I or Part II. If an item does not apply, write "NA." If you do not provide the information asked for, any exclusion or deduction you claim may be disallowed.

Part I Taxpayers Qualifying Under Bona Fide Residence Test. (See Instructions.)

1. Date bona fide residence began: _____ ended: _____

2. Kind of living quarters in foreign country: ☐ Purchased house ☐ Rented house or apartment ☐ Rented room ☐ Quarters furnished by employer

3. Did any of your family live with you abroad during any part of the tax year?
If "Yes," who and for what period? _____

4. Have you submitted a statement to the authorities of the foreign country where you claim bona fide residence that you are not a resident of that country? (See Instructions.)
If "Yes," to 4a and 4b. If "No," do not qualify as a bona fide resident. Do not complete the rest of Part I.

5. Are you required to pay income tax to the country where you claim bona fide residence? (See Instructions.)
If "Yes," to 4a and 4b. If "No," do not qualify as a bona fide resident. Do not complete the rest of Part I.

6. Complete the following for days present in the United States or its possessions during the tax year. (Do not include this income in Part III, but report it on Form 1040.)

Period	Number of days in U.S.	Number of days in U.S. possessions	Number of days in U.S. and possessions	Income earned in U.S. and possessions
1987				

7. State any contractual terms or other conditions relating to the length of your employment abroad: _____

8. State the type of visa under which you entered the foreign country: _____

9. Did your visa limit the length of your stay or employment in a foreign country?
If "Yes," attach explanation: _____

10. Did you maintain a home in the United States while living abroad?
If "Yes," show address of your home, whether it was rented, and the names and relationships of the occupants: _____

For Paperwork Reduction Act Notice, see page 1 of separate instructions.

Form 2555-1 (1987) Taxpayers Qualifying Under Physical Presence Test. (See Instructions.)

Page 2

7. The physical presence test is based on the 12-month period from _____ through _____

8. Enter your principal country of employment during your tax year: _____

9. Enter all travel abroad during the 12-month period shown on line 7, except travel between foreign countries that did not involve travel on, or over, international waters, or in, or over, the United States, for 24 hours or more. If the last entry is an arrival in a foreign country, enter the number of full days to the end of the 12-month period. If you have no tax-to-report during the period, write in the schedule below that you were physically present in a foreign country or countries during the entire 12-month period. (Do not include in Part III the income that you list here, but report it on Form 1040.)

Name of country (including U.S.)	Date arrived	Date left	Full days present in country	Number of days on business	Income earned in U.S. and possessions (do not include)

Part III All Taxpayers

Note: On lines 10 through 14 enter all income, including noncash income, that you earned and actually or constructively received during your 1987 tax year for services you performed in a foreign country. If any of the foreign earned income received this tax year was earned in a prior tax year, or will be earned in a later tax year (such as a bonus), see the Instructions. Do not include income from Part I, line 5, or Part II, line 9. Report amounts in U.S. dollars, using the exchange rates in effect when you actually or constructively received the income.

If you are a cash basis taxpayer, report on form 1040 all income you received during 1987 no matter when you performed the service.

1987 Foreign Earned Income

Amount (in U.S. dollars)
10. Total wages, salaries, bonuses, commissions, etc. <input type="checkbox"/> 10
11. Allowable share of income for personal services performed (see Instructions for Part III, line 11): a. In a business (including farming) or profession <input type="checkbox"/> 11a b. In a partnership (give name, address, and nature of income) <input type="checkbox"/> 11b
12. Noncash income (market value of property or facilities furnished by employer—attach statement showing how determined): a. Housing (lodging) <input type="checkbox"/> 12a b. Meals <input type="checkbox"/> 12b c. Car <input type="checkbox"/> 12c d. Other property or facilities (specify) <input type="checkbox"/> 12d
13. Allowances, reimbursements, or expenses paid on your behalf for services you performed: a. Cost of living and overseas differential <input type="checkbox"/> 13a b. Family <input type="checkbox"/> 13b c. Education <input type="checkbox"/> 13c d. Home leave <input type="checkbox"/> 13d e. Quarters <input type="checkbox"/> 13e f. For any other purpose (specify) <input type="checkbox"/> 13f
14. Add the amounts on lines 10 through 13f and enter the total <input type="checkbox"/> 14
15. Add the amounts on lines 10 through 12d, line 13g, and line 14 and enter the total <input type="checkbox"/> 15
16. Total amount of meals and lodging included on line 15 that is excludable. (See Instructions.) <input type="checkbox"/> 16
17. Subtract line 16 from line 15 and enter the result. This is your foreign earned income. Complete Part IV next if you choose to claim the housing exclusion or are claiming the housing deduction. Otherwise, skip to Part V. <input type="checkbox"/> 17

Part III For Taxpayers Claiming Housing Exclusion AND/OR Deduction

18	Qualified housing expenses for the tax year (See Instructions)	18	
19	Number of days in your qualifying period that fall within your 1987 tax year (See Instructions)	19	
20	Multiply \$19.48 by the number of days on line 19. Enter the result, but do not enter more than \$7,109.00	20	
21	Subtract the amount on line 20 from the amount on line 18. If zero or less, do not complete the rest of Part III or any of Part VII	21	
22	Enter employer provided amounts (See Instructions)	22	
23	Enter the amount from line 17	23	
24	Divide the amount on line 22 by the amount on line 23 and enter the result as a decimal (to two places) (limited to 1.00)	24	
25	Housing exclusion. Multiply the amount on line 21 by the decimal amount on line 24, but do not enter more than the amount on line 22. Also enter this amount on line 35, Part VI	25	
Note: If the amount on line 21 is more than the amount on line 25, complete line 26. Otherwise, skip to Part V if you choose to claim the foreign earned income exclusion.			
26	Subtract the amount on line 25 from the amount on line 21. Enter the result here and on line 40, Part VII (Complete Part V before Part VII if you choose to claim the foreign earned income exclusion)	26	

Part IV For Taxpayers Claiming Foreign Earned Income Exclusion

27	Maximum foreign earned income exclusion	27	\$70,000.00
28	Number of days in your qualifying period that fall within your 1987 tax year (See Instructions for line 19)	28	
29	Divide the number of days on line 28 by the number of days in your tax year (usually 365) and enter the result as a decimal (to two places)	29	
30	Multiply the amount on line 27 by the decimal amount on line 29	30	
31	Enter the amount from line 17	31	
32	Enter the amount from line 25	32	
33	Subtract the amount on line 32 from the amount on line 31. Enter the result	33	
34	Foreign earned income exclusion. Enter here and on line 36, Part VI, the amount from line 30 or line 33, whichever is less	34	

Part V For Taxpayers Claiming Housing Exclusion, Foreign Earned Income Exclusion, or Both

35	Housing exclusion from line 25	35	
36	Foreign earned income exclusion from line 34	36	
37	Add the amounts on lines 35 and 36 and enter the total	37	
38	Deductions allowed in figuring your adjusted gross income (Form 1040, line 30) that are allocable to the excluded income (See Instructions and attach computation)	38	
39	Subtract line 38 from line 37. Enter the result here and in parentheses on Form 1040, line 21. Next to the amount write "Exclusion(s) from Form 2555." On Form 1040 subtract the amount from your income to arrive at total income on Form 1040, line 22	39	

Part VII For Taxpayers Claiming Housing Deduction

40	Enter the amount from line 26	40	
41	Enter the amount from line 17	41	
42	Enter the amount from line 37	42	
43	Subtract the amount on line 42 from the amount on line 41 and enter the result	43	
44	Enter the amount from line 40 or line 43, whichever is less	44	
Note: If the amount on line 43 is more than the amount on line 44 and you could not deduct all of your 1986 housing deduction because of the 1986 limitation, complete the worksheet on page 4 of the instructions to figure how much of your 1986 housing deduction may be carried over to 1987. Otherwise, enter a zero (0) on line 45.			
45	Housing deduction carryover from 1986 (from worksheet on page 4 of the instructions)	45	
46	Add the amounts on lines 44 and 45. Enter the amount on Form 1040 to the left of line 29. Next to the amount on Form 1040 write "Deduction from Form 2555." Add it to the total adjustments reported on that line	46	

1987

Instructions for Form 2555

Foreign Earned Income

(Section references are to the Internal Revenue Code.)

General Instructions

General Reduction Act Notice. We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Changes You Should Note. The following changes are a result of the Tax Reform Act of 1986. They apply to tax years beginning after 1986:

- Reduced foreign earned income exclusion. The maximum amount of foreign earned income that may be excluded under section 911(a)(1) has been reduced from \$80,000 to \$70,000.

- Violation of travel restrictions. Generally, if you were in a foreign country in violation of U.S. travel restrictions, the following rules apply:

- (1) any time spent in that country may not be counted in determining if you qualify under the bona fide residence or physical presence test; (2) any income earned in that country is not considered foreign earned income; and (3) any housing expenses in that country (or housing expenses for your spouse or dependents in another country while you were in that country) are not considered qualified housing expenses. U.S. travel restrictions currently apply to Cuba, Kampuchea (Cambodia), Libya, North Korea, and Vietnam.

Purpose of Form. If you are a U.S. citizen or a U.S. resident alien living in a foreign country, you are subject to the same U.S. income tax laws that apply to citizens and resident aliens living in the United States. However, if you qualify, use Form 2555 to exclude a limited amount of your foreign earned income. Also use it to claim the housing exclusion or deduction. You may not, however, exclude or deduct more than your foreign earned income for the tax year.

Note: Specific rules apply to determine whether you are a resident or nonresident alien of the United States. Get Publication 519, U.S. Tax Guide for Aliens, for details.

Who Qualifies. You qualify for the tax benefits available to taxpayers who have foreign earned income if

you meet the tax home test (defined below) and you are either:

- A U.S. citizen who is a bona fide resident of a foreign country, or countries, for an uninterrupted period that includes a complete tax year (bona fide residence test); or
- A U.S. citizen or a U.S. resident alien who is physically present in a foreign country, or countries, for at least 330 full days during any period of 12 months in a row (physical presence test).

Note: If your only earned income work abroad is pay you received from the U.S. Government as its employee, you do not qualify for either of the exclusions or the housing deduction. Do not file Form 2555.

Tax Home Test. Your tax home must be in a foreign country, or countries, throughout your period of bona fide residence or physical presence, whichever applies. (For this purpose, your period of physical presence is the 330 full days during which you were present in a foreign country, not the 12 consecutive months during which those days occurred.)

Tax Home. Your tax home is your regular or principal place of business, employment, or post of duty, regardless of where you maintain your family residence. If you do not have a regular or principal place of business because of the nature of your trade or business, your tax home is the place where you regularly live.

Foreign Country. A foreign country is any territory (including the air space, territorial waters, seabed, and subsoil) under the sovereignty of a government other than the United States. It does not include U.S. possessions or territories.

Additional Information. Publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad, contains more information about the bona fide residence test, the physical presence test, the foreign earned income exclusion, and the housing exclusion and deduction. You can get the publication from most U.S. Embassies and consulates, or by writing to:

Forms Distribution Center
P.O. Box 25866
Richmond, VA 23260

Waiver of Time Requirements. If your tax home was in a foreign country and you were a bona fide resident of, or physically present in, a foreign country and had to leave because of war, civil unrest, or similar adverse conditions, the minimum time requirements specified under the bona fide residence and physical presence tests may be waived. You must be able to show that you reasonably could have expected to meet the minimum time requirements if you had not been required to leave. If you left one of the countries listed on page 4 during the period indicated, you qualify to claim the tax benefits on Form 2555, but only for the number of days you were a bona fide resident of, or physically present in, the foreign country.

If you qualify to claim either of the exclusions or the housing deduction because of the waiver of time requirements, attach a statement to your return explaining that you expected to meet the applicable time requirement, but that the conditions in the foreign country prevented you from the normal conduct of business. Also write "Claiming Waiver" in the top margin on page 1 of your 1987 Form 2555.

Where To File. Attach Form 2555 to the front of your Form 1040 and file your return with the Internal Revenue Service Center, Philadelphia, PA 19255.

When To File. A 1987 calendar year Form 1040 is generally due April 15, 1988. However, whether you file on a calendar year or fiscal year basis, you are automatically granted a 2-month extension of time to file (to June 15, 1988, for a 1987 calendar year return) if you are living or traveling outside the United States and Puerto Rico on the date your return is due. If you take this extension, you must attach a statement to your return explaining that you were living or traveling outside the United States and Puerto Rico on the due date of your return.

The automatic 2-month extension also applies to paying the tax. However, interest is charged on the unpaid tax from the regular due date (April 15 for a calendar year return) until it is paid.

Special Extension of Time. If you plan to take the foreign earned income exclusion and/or the housing exclusion or deduction, but do not expect to qualify until after the end of the automatic 2-month extension period described above, you may apply for an extension to a date after you expect to qualify.

To apply for this extension, complete and file Form 2350, Application for Extension of Time To File U.S. Income

Tax Return, with the Internal Revenue Service Center, Philadelphia, PA 19255, before the due date of your return. Interest is charged on the tax not paid by the regular due date as explained above.

Choosing the Exclusion(s). To choose the housing exclusion (Part IV) or the foreign earned income exclusion (Part V), complete the appropriate parts of Form 2555 and file it with your Form 1040 or Form 1040X, Amended U.S. Individual Income Tax Return.

Once you choose to claim an exclusion, that choice remains in effect for that year and all future years unless it is revoked. If you revoke your choice, however, you may not claim the exclusion(s) for your next 5 tax years without the approval of the Internal Revenue Service. See Publication 54 for more information.

Earned Income Credit. You will not qualify for the earned income credit if you claim either of the exclusions or the housing deduction.

Specific Instructions

Which Parts To Complete. If you qualify for the tax benefits of Form 2555, complete Part I or II, whichever applies, and Part III.

Complete Part IV if you choose to claim the housing exclusion or are claiming the housing deduction.

Complete Part V if you choose to claim the foreign earned income exclusion.

Complete Part VI if you are claiming the housing exclusion, the foreign earned income exclusion, or both.

Complete Part VII if you are claiming the housing deduction. You must complete Part IV first, however, to see if you qualify for the housing deduction.

Part I Bona Fide Residence Test. To qualify under this test you must be a U.S. citizen who is a bona fide resident of a foreign country, or countries, for an uninterrupted period that includes a complete tax year (January 1-December 31, if you file a calendar year return).

No specific rules determine whether you are a bona fide resident of a foreign country, because the determination involves your intention about the length and nature of your stay. Evidence of your intention may be your words and acts. If these conflict, your acts carry more weight than your words. Generally, if you go to a foreign country for a definite, temporary purpose and return to the United States after you accomplish it, you are not a bona fide resident of the foreign country. If accomplishing the purpose requires an extended, indefinite stay, and you make your

home in the foreign country, you may be a bona fide resident. See Publication 54 for more information and examples.

Lines 4a and b. If you submit a statement to the authorities of a foreign country in which you earned income that you are not a resident of the country, and the authorities hold that you are not subject to their income tax laws as a resident, you are not considered a bona fide resident of that country.

If you submit such a statement and the authorities have not made an adverse determination of your nonresident status, you are not considered a bona fide resident of that country.

Part II Physical Presence Test. To qualify under this test, you must be a U.S. citizen or resident alien who is physically present in a foreign country, or countries, for at least 330 full days during any period of 12 months in a row.

To figure the minimum of 330 full days, add all separate periods you were present in a foreign country during the 12-month period shown on line 7. The 330 full days may be interrupted by periods when you are traveling over international waters or are otherwise not in a foreign country. See Publication 54 for more information and examples.

Full Day. A full day means the 24-hour period that starts at midnight.

Note: A nonresident alien who, with a U.S. citizen or U.S. resident alien spouse, chooses to be taxed as a resident of the United States may qualify under this test if the time requirements are met. See Publication 54 for information on how to make this choice.

Part III Enter in this part the total foreign earned income you earned and received (including income constructively received) during the tax year. If you are a cash basis taxpayer, however, report on Form 1040 all income you received during the tax year regardless of when you earned it.

Income Is Earned in the tax year you perform the services for which you receive the pay. However, if you are a cash basis taxpayer and, because of your employer's payroll periods, you received your last salary payment for 1986 in 1987, that income may be treated as earned in 1987. If you cannot treat that salary payment as income earned in 1987, the rules explained later under **Income Earned in Prior Year** apply. See Publication 54 for more information.

Income Received in Prior Year. Foreign earned income received in 1987 may be excluded from your 1986 gross income if, and to the extent, the income would have been excludable if you had received it in 1987. To claim the additional exclusion, you must amend your 1986 tax return. To do this, file Form 1040X.

Foreign earned income received in 1987 for services you performed in 1987 means wages, salaries, professional fees, and other compensation received for personal services you performed in a foreign country during the period for which you meet the tax home test and either the bona fide residence test or the physical presence test. It also includes noncash income (such as a home or car) and allowances or reimbursements. Foreign earned income does not include amounts that are actually a distribution of corporate earnings or profits rather than a reasonable allowance as compensation for your personal services. It also does not include:

- Pension and annuity income (including social security and railroad retirement benefits treated as social security);
- Interest, dividends, capital gains, alimony, etc.;
- Portion of 1986 moving expense deduction allocable to 1987 that is included in your 1987 gross income (See **Recapture of moving expense deduction under Moving Expenses** in Publication 54 for details);
- Amounts paid to you by the U.S. Government or any of its agencies if you are an employee of the U.S. Government or any of its agencies;
- Amounts received after the end of the tax year following the tax year in which you performed the services; or
- Amounts you must include in gross income because of your employer's contributions to a nonexempt employees' trust or to a nonqualified annuity contract.

Note: A special rule applies to certain employer contributions made to a pension plan before 1963. See **Pensions and Annuities under Foreign Earned Income** in Publication 54. In addition, if you received income in 1987 for services performed before 1963, you may be able to exclude the income if a right to receive it existed on March 12, 1962. For more information, write to:

Internal Revenue Service
Attn: IN-C7PS
950 L'Enfant Plaza South, S.W.
Washington, DC 20024

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- Amounts paid to you by the U.S. Government or any of its agencies if you are an employee of the U.S

1986 may be excluded from your 1987 gross income if, and to the extent, the income would have been excludable if you had received it in 1986. Do not include this income in Part III.

If you are excluding income under this rule, attach a statement to Form 2555 showing how you figured the exclusion. Enter the amount that would have been excludable in 1986 on Form 2555 to the left of line 39. Next to the amount write "Exclusion of Income Earned in 1986." Include it in the total reported on line 39.

Notes: If you claimed any deduction, credit, or exclusion on your 1986 return that is definitely related to the 1986 foreign earned income you are excluding under this rule, you may have to amend your 1986 income tax return to adjust the amount you claimed. To do this, file Form 1040X.

Line 11. If you engaged in an unincorporated trade or business in which both personal services and capital were material income-producing factors, a reasonable amount of compensation for your personal services will be considered earned income. The amount treated as earned income, however, may not be more than 30% of your share of the net profits from the trade or business.

If capital is not an income-producing factor and personal services produced the business income, the 30% rule does not apply. Your entire gross income is earned income.

Line 16. Enter on this line the value of meals and/or lodging furnished by, or on behalf of, your employer for his or her convenience that is excludable from your income under section 119. See Publication 54 for conditions under which you may exclude the value of meals and lodging.

Part IV If you are claiming the housing exclusion or deduction and the foreign earned income exclusion, complete this part before Part V.

Line 18. Enter the total reasonable expenses paid or incurred during the tax year by you, or on your behalf, for your foreign housing and the housing of your spouse and dependents if they lived with you. You may also include the reasonable expenses of a second foreign household (defined later). Housing expenses are considered reasonable to the extent they are not lavish or extravagant under the circumstances.

Housing expenses include rent, utilities (other than telephone charges), real and personal property insurance, nonrefundable fees paid to obtain a lease, rental of furniture and accessories, residential parking, and household repairs. You may also include the fair rental value of housing

provided by your employer if you have not excluded it on line 16, Part III. Do not include deductible interest and taxes, any amount deductible by a tenant-stockholder in connection with cooperative housing, the cost of buying or improving a house, principal payments on a mortgage, or depreciation on the house. Also do not include the cost of domestic labor, pay television, or the cost of buying furniture or accessories.

Include expenses for housing only during periods for which:

- The value of your housing is not excluded from gross income under section 119 (unless you maintained a second foreign household); and
- You meet the tax home test and either the bona fide residence test or physical presence test.

Second Foreign Household. If you maintained a separate foreign household for your spouse and dependents at a place other than your tax home because the living conditions at your tax home were dangerous, unhealthy, or otherwise adverse, you may include the expenses of the second household on line 18.

Married Couples. If both you and your spouse qualify for the tax benefits of Form 2555, you each may choose to exclude or deduct part of your foreign housing expenses.

If you and your spouse lived in the same foreign household and file a joint return, the total qualified expenses for the household may be claimed on either your Form 2555 or your spouse's Form 2555. However, if you and your spouse have different periods of residence or presence and the one with the shorter period claims the expenses on his or her Form 2555, only the qualified expenses paid or incurred during the shorter period may be claimed. If you file separate returns, the total qualified housing expenses may either be claimed on your Form 2555 or your spouse's Form 2555, or you each may claim part of the expenses on your separate Forms 2555.

If you and your spouse lived in separate foreign households, you each may claim the qualified expenses for your own household on your separate Forms 2555 only if: (1) your tax homes were not within a reasonable commuting distance of each other; and (2) each spouse's household was not within a reasonable commuting distance of the other spouse's tax home. This is true even if you and your spouse file a joint return. If the requirements in (1) and (2) above are not met, only one of you may claim the housing exclusion or deduction. This is true even if you and your spouse file separate returns. If your spouse qualifies for, but does not claim, a housing exclusion or deduction, you

may include on your Form 2555 the qualified expenses of your spouse's household if the home qualifies as a second foreign household.

Line 19. Enter on this line the number of days in your qualifying period that fall within your 1987 tax year. Your qualifying period is the period during which you meet the tax home test and either the bona fide residence test or the physical presence test.

Example. You establish a tax home and bona fide residence in a foreign country on August 14, 1987. You maintain the tax home and residence until January 31, 1989. You are a calendar-year taxpayer. The number of days in your qualifying period that fall within your 1987 tax year is 140 (August 14 through December 31, 1987).

Nontaxable U.S. Government Allowances. If you or your spouse received a nontaxable housing allowance as a military or civilian employee of the U.S. Government, see Publication 54 for information on how that allowance may affect your housing exclusion or deduction.

Line 22. Any amount your employer paid or incurred on your behalf that is foreign earned income for tax purposes (such as the fair rental value of lodging furnished by your employer as long as it is not excluded on line 16, Part III):

- Rent paid by your employer directly to your landlord; and
- Amounts paid by your employer to reimburse you for housing expenses, educational expenses of your dependents, or as part of a tax equalization plan.

Sell-Employed Individuals. If all of your foreign earned income (Part III) is self-employment income, skip lines 22 through 24 and enter a zero on line 25.

Part V If you choose to claim the foreign earned income exclusion, complete this part to figure the amount of your exclusion.

Married Couples. If both you and your spouse qualify for, and choose to claim, the foreign earned income exclusion, the amount of the exclusion is figured separately for each of you. You each must complete Part V of your separate Forms 2555.

Community Income. The amount of the exclusion is not affected by the income-splitting provisions of

community property laws. The sum of the amounts figured separately for each of you is the total amount excluded on a joint return.

Part VI If you claim either of the exclusions, you may not claim any deduction (including moving expenses), credit, or exclusion that is definitely related to the excluded income. If only part of your foreign earned income is excluded, you must prorate such items based on the ratio that your excludable earned income bears to your total foreign earned income. See Publication 54 for information on how to figure the amount allocable to the excluded income.

The exclusion under section 119 and the housing deduction are not considered definitely related to the excluded income.

Line 38. Report in full on Form 1040 and related forms and schedules all deductions allowed in figuring your adjusted gross income (Form 1040, line 30). Enter on line 38 the total amount of those deductions that are not allowed because they are allocable to the excluded income. See Publication 54 for information on how to report your itemized deductions that are allocable to the excluded income (such as unreimbursed employee business expenses).

IRA Deduction. The IRA deduction is not definitely related to the excluded income. However, special rules apply in figuring the amount of an employee's IRA deduction. For details, see Publication 590, Individual Retirement Arrangements (IRAs).

Foreign Taxes. You may not take a credit or deduction for foreign income taxes paid or accrued on income that is excluded under either of the exclusions.

If all of your foreign earned income is excluded, you may not claim a credit or deduction for the foreign taxes paid or accrued on that income.

If only part of your income is excluded, you may not claim a credit or deduction for the foreign taxes allocable to the excluded income. See Publication 514, Foreign Tax Credit for U.S. Citizens and Resident Aliens, for information on how to figure the amount allocable to the excluded income.

Part VII If an amount is entered on line 26, Part III, complete Part VII to figure the amount of your housing deduction. Also complete this part to figure the amount of your housing deduction carryover from 1986.

One-Year Carryover. If the amount on line 40 is more than the amount on line 43, you may carry the difference over to your 1988 tax year. If, because of the 1988 limitation, you cannot deduct the excess in 1988, you may not carry it over to any future tax year.

Line 43. If the amount on line 43 is more than the amount on line 44 and you could not deduct all of your 1986 housing deduction because of the 1986 limitation, complete the worksheet below to figure the amount to enter on line 45.

Worksheet

- Enter the amount from your 1986 Form 2555, line 40
 - Enter the amount from your 1986 Form 2555, line 44
 - Subtract the amount on line 2 from the amount on line 1
- Note:** If the amount on line 3 is zero, do not complete the rest of this worksheet. You do not have any housing deduction carryover from 1986. Enter zero (0) on line 45.
- Enter the amount from your 1987 Form 2555, line 43
 - Enter the amount from your 1987 Form 2555, line 44
 - Subtract the amount on line 5 from the amount on line 4
 - Compare the amounts on lines 3 and 6. Enter the smaller of the two amounts. Also enter this amount on line 45 of your 1987 Form 2555

Note: If the amount on line 3 is more than the amount on line 6, you may not carry the difference over to any future tax year.

List of Qualifying Countries and Time Periods—Waiver of Time Requirements

Country	Time Periods	
	Beginning	Ending
Alghanistan	April 23, 1979	(Still in effect)
Colombia	November 13, 1984	(Still in effect)
El Salvador	September 24, 1979	(Still in effect)
Haiti	April 30, 1987	(Still in effect)
Iran	September 1, 1978	(Still in effect)
Iraq	August 31, 1979	January 1, 1987
Kuwait	September 13, 1983	(Still in effect)
Lebanon	August 31, 1979	(Still in effect)
Libya	August 31, 1979	(Still in effect)
Peru	July 3, 1986	(Still in effect)
Sudan	October 17, 1985	November 26, 1986
Uganda	July 29, 1985	April 7, 1986

U.S. GPO: 1987 O-583-233

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3520
(Rev. May 1987)
Department of the Treasury
Internal Revenue Service

**United States Information Return
Creation of or Transfer to Certain Foreign Trusts**
(Under section 6048 of the Internal Revenue Code)
(See instructions on reverse. Attach additional sheets if more space is needed.)

OMB No. 1545-0159
Expires 5-31-90

All information must be in the English language. **Show amounts in United States dollars.**

Name of person filing return (Partner and agent)

City or town, state, and ZIP code

1 Title of person filing return (check applicable box)
☐ Grantor ☐ Transferor ☐ Fiduciary of an estate in the case of testamentary trust

2 If fiduciary of an estate, give name and social security number of the decedent

3 Name of the trust

4 Foreign country under whose laws the trust was created

5 Name and business address of foreign trustee(s)

6	Name of beneficiary	Address of beneficiary	Date of birth (See instructions)	Identifying number (If any)
(a)				
(b)				
(c)				
(d)				
(e)				
(f)				
(g)				

7 Date of the creation of the trust

8 (a) Date of transaction for which return is being filed
(b) Amount of money or value of property transferred

9 Name and address of the person(s) creating the trust

10 Date of termination, or if no date determinable, attach a statement describing the conditions which will cause the trust to terminate.

11 Is trustee required to distribute all trust income currently?
If "Yes," the information required on line 12 need not be furnished. ☐ Yes ☐ No

12 Attach statement with respect to each beneficiary showing his or her right to receive income or corpus, or both; his or her proportionate interest in the income or corpus, or both; and any condition governing the time a distribution to him or her may be made, such as a specific date or age. In lieu of such a statement, a copy of the trust instrument may be submitted.

13 Attach statement showing a detailed list of the property transferred to the foreign trust in the transaction for which the return is being filed, and a complete description of each item transferred, its adjusted basis and fair market value on the date transferred, and the consideration, if any, paid by the foreign trust for such transfer.

For Paperwork Reduction Act Notice, see instructions on back.

Form 3520 (Rev. 5-87)

Form 3520 (Rev. 5-87)
14 Name and address (Number and street, city or town, country) of person(s) having custody of the books of account and records of the foreign trust

15 Location of the books of account and records if different from above

Signature and Verification.—Under penalties of perjury, I declare that I have prepared this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Date Signature Title

Instructions

Paperwork Reduction Act Notice. We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to enforce the law. If you do not provide this information, you may be subject to criminal sanctions (fines or imprisonment) and/or civil sanctions (civil penalties).

Who Must File. Except as stated in section 163-1(d)(4) of the regulations governing the creation of foreign trusts for employees, the grantor in the case of an individual, the fiduciary of an estate in the case of a testamentary trust, the transferor, as the case may be, must file this form by the 30th day after (1) the creation of any foreign trust by a United States person or (2) the transfer of any income or property to a foreign trust by a United States person.

If any person is not the real party in interest as to the money or property transferred but is a fiduciary for a United States person, the information required must be furnished in the name of and by the actual owner of such money or property, except that a fiduciary of an estate shall file information relating to the decedent.

Definitions.—A "United States person" includes an individual who is a citizen or resident of the United States, a domestic corporation, a domestic partnership, and any estate or trust (other than a foreign estate or foreign trust) the income of which from sources outside the United States is not effectively connected with the conduct of a trade or business within the United States.

The term "transferor" refers to any United States person other than the person who is the grantor or the fiduciary who transfers money or property to or for the benefit of a foreign trust. It does not refer to a person who transfers money or property pursuant to a sale or an exchange which is made for full and adequate consideration.

Identifying Number.—Social security numbers identify individual persons and estates of decedents. Employer identification numbers identify trusts, partnerships, corporations, and similar nonindividual persons. If an estate is required to file Form 1041, please report the estate's identification number in addition to the decedent's social security number.

Beneficiaries.—Information must be furnished with respect to each beneficiary who is either named in the instrument or whose identity is definitely ascertainable at the time the return is filed. The date of birth must be furnished only for beneficiaries who are United States persons and whose rights under the trust are determined, in whole or in part, by reference to their age.

Where to File.—Unless an extension of time to file is received, this return must be filed by the 30th day after the creation of any foreign trust, or the 30th day after the transfer of any money or property to any foreign trust, with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19105.

Return Jointly Made.—If two or more persons are required to file this return with respect to the joint creation of a foreign

trust or the joint transfer of any money or property to a foreign trust, any two or more of such persons may, in lieu of filing several returns, jointly execute and file one return.

Multiple Transfers.—If a United States person creates more than one foreign trust or transfers money or property to more than one foreign trust, separate returns must be filed with respect to each foreign trust at different times, separate returns must be filed with respect to each transfer. When returns are required, if a United States person transfers money or property to a foreign trust at different times, separate returns must be filed with respect to each transfer. When returns are required, except that the one who may file a single return with respect to all transfers made by him or her during any 90-day period, so long as the return is filed on or before the 90th day after the earliest transfer in any such period, and includes the information with respect to each transfer.

Penalties.—A 5% penalty, not to exceed \$1,000, is imposed by section 6677 for failure to file timely, or failure to report the required information, unless due to reasonable cause. Criminal penalties for failure to file timely and for filing a false or fraudulent return are provided by sections 7203, 7206, and 7207.

Signature.—If this return is filed by an individual (including a fiduciary), it must be signed by such individual. If filed by a partnership, it must be signed by one of the partners. If filed by a corporation, it must be signed either by the president, vice president, treasurer, assistant treasurer, or chief accounting officer, or by any other corporate officer (such as an officer) who is authorized to sign.

U.S. GOVERNMENT PRINTING OFFICE: 1987-161-247-248

Forms and Instructions

Instructions

(Section references are to the Internal Revenue Code.)

Paperwork Reduction Act Notice

We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

General

Section 6048(c) requires an annual return for foreign trusts having one or more U.S. beneficiaries.

Who Must File the Annual Return

Any United States person who directly or indirectly transfers property to a foreign trust (other than an employee's trust or annuity plan as described in section 404(a)(4)) that has one or more U.S. beneficiaries shall be considered the owner of the portion of the trust attributable to the transferred property for that tax year. Once such a transfer is made, that person is required to file Form 3520-A annually thereafter as long as the trust has at least one U.S. beneficiary. The period covered by the return is the tax year of the person filing the return.

Exceptions.—The following transfers shall not apply:

- Any transfer made due to the death of the transferor.
- Any sale or exchange of the property at fair market value in which all the gain to the transferor is realized at that time or is returned under the section 453 installment method.
- Any transfer to the trust made on or before May 21, 1974.

Joint Return

This return may be filed jointly by two transferors or grantors if a joint income tax return was (or will be) filed by them for the same tax year.

When and Where To File

General Rule.—This return must be filed annually by the 15th day of the fourth month following the end of the tax year with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. An extension of time to file may be granted. See Form 2758, Application for Extension of Time to File, for details.

Foreign Trusts Acquiring U.S. Beneficiaries

A grantor or transferor is not required to file Form 3520-A if the foreign trust has no U.S. beneficiaries. If the trust acquires a U.S. beneficiary in a subsequent year, Form 3520-A is then required to be filed. Any undistributed net income at the end of the preceding year that was earned from the property transferred is considered to be income (in addition to the grantor's or transferor's other income for the year) to the transferor in the year that the trust acquires the U.S. beneficiary.

Foreign Trusts Treated as Having U.S. Beneficiaries

A trust shall be treated as having U.S. beneficiaries for the tax year unless:

- No part of the income or corpus of the trust may be paid or accumulated during the tax year to or for the benefit of a U.S. person under the terms of the trust.
- No part of the income or corpus of the trust may be paid to or for the benefit of a United States person if the trust was terminated at any time during the tax year.

Attribution of Ownership

An amount shall be treated as paid or accumulated to or for the benefit of a U.S. person if such amount is paid to or accumulated for a foreign corporation, foreign partnership or foreign estate or trust, and:

- The corporation has more than 50 percent of its combined voting power (in all classes of stock entitled to vote) owned by U.S. shareholders.
- The partnership has at least one partner who is a U.S. person.
- The trust or estate has at least one U.S. beneficiary.

Apportionment of Trust Income

If transfers of property to the trust occurred both (a) on or before and (b) after May 21, 1974, or if transfers were made by the person filing this return and some other person, the income, deductions, and credits must be apportioned among such transfers. Such apportionment shall be in a manner that is reasonable in the light of all the circumstances of each case. See section 671 and the regulations thereunder for additional rules of apportionment. All relevant information regarding the method of apportionment should be attached to this form, including the date and amount of transfer(s) by the person filing this return, and the date, amount, and nature of the property of all other transfers to the trust.

Definitions

A **United States person** includes a citizen or resident of the United States, a domestic corporation, a domestic partnership, and any estate or trust (other than a foreign estate or foreign trust) the income of which from sources outside the United States is not effectively connected with the conduct of a trade or business within the United States.

The term **transferor** refers to any United States person who, directly or indirectly, gives, sells, exchanges, transfers, or otherwise disposes of money or property to a foreign trust. It does not refer to a transfer made by a U.S. person who is not the real owner (such as a bank transferring property for a U.S. person); in such case, the real owner is considered the grantor or transferor.

The term **grantor** means a United States person who creates, or is treated as the owner of any portion of, a foreign trust.

The term **beneficiary** means a United States person who receives, will receive, or may receive money or property, at any time, from a foreign trust.

Identifying Number

Use social security numbers to identify individual persons. Use employer identification numbers to identify estates, trusts, partnerships, corporations, and similar nonindividual persons.

Multiple Transfers

If a United States person creates more than one foreign trust or transfers money or property to more than one foreign trust, separate returns must be filed with respect to each foreign trust when returns are required. If more than one U.S. person contributes money or property to a foreign trust with a U.S. beneficiary, each such person must file Form 3520-A.

Penalties

A penalty of 5% of the value of the corpus of the trust at the close of the tax year (but not more than \$1,000) is imposed by section 6677 for failure to file timely, or failure to report the required information, unless due to reasonable cause. Criminal penalties for failure to file timely and for filing a false or fraudulent return are provided by sections 7203, 7206, and 7207.

Signature

If this return is filed by an individual (including a fiduciary), it must be signed by such individual. If filed by a partnership, it must be signed by one of the partners. If filed by a corporation, it must be signed either by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as tax officer) who is authorized to sign.

Note

The filing of this form does not relieve the grantor or transferor from the requirement of filing Form 3520, United States Information Return—Creation of or Transfers to Certain Foreign Trusts, or form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.

U.S. GOVERNMENT PRINTING OFFICE: 1987-581-827/8181

Page 1

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3520-A
(Rev. May 1987)
Department of the Treasury
Internal Revenue Service

Annual Return of Foreign Trust With U.S. Beneficiaries
(See instructions attached. Attach additional sheets if more space is needed.)

OMB No. 1545-0150
Expires 4-30-90

All information must be in the English language. Show amounts in United States dollars.

For calendar year _____ or fiscal year (specify month and year beginning and ending) _____

Name of United States person(s) filing return _____

Address (number and street) _____

City or town, state and ZIP code _____

Identifying number _____

Service center where person filing this return files income tax returns _____

1 Title of person filing return (check applicable box):
☐ Grantor ☐ Transferor

2 Are you the sole U.S. grantor or transferor?
If "No," attach list of all other U.S. grantors or transferors showing name, address, and identifying number. ☐ Yes ☐ No

3 Name and address of the foreign trust _____

4 Country under whose laws the trust was created _____

5 Date of the creation of the trust _____

6 Name and business address of foreign trustee _____

7 Date of termination _____

8 Name of U.S. beneficiary _____ Address of beneficiary _____ Identifying number, if any _____ U.S. citizen ☐ Yes ☐ No

(a) _____

(b) _____

(c) _____

(d) _____

(e) _____

(f) _____

9 Amendments to trust during this year. Explain (attach statement if necessary): _____

10 Is trustee required to distribute all trust income currently? _____

11 Has any of the trust changed since its creation? If "Yes," attach explanation _____

12 Was Form 3520 filed with respect to this trust? If "Yes," enter date filed: _____

13 Enter date of last transfer of property to trust by grantor or transferor filing this return: _____

14 Has grantor or transferor filed TD F 90-22.1 with respect to this trust? _____

15 Did the trust acquire a U.S. beneficiary during the current year? If "Yes," enter amount of deemed accumulation distribution to grantor (see section 678(b) and attach computation): _____

16 Attach statement with respect to each beneficiary showing his or her right to receive income or corpus, or both, his or her proportionate interest in the income or corpus, or both, and any condition governing the time a distribution to him or her may be made, such as a specific date or age. In lieu of such a statement, a copy of the trust instrument may be submitted. If this information has been submitted in a previous year of the trust and has not changed, enter the year for which such information was submitted and the information need not be resubmitted for the current year. _____

Date _____ Signature _____ Title _____

For Paperwork Reduction Act Notice, see instructions on page 3.

Form 3520-A (Rev. 5-87)

Form 3520-A (Rev. 5-87) Page 2

Part I Foreign Trust Income Statement

	(A) Foreign trust's gross income and deductions from this trust	(B) Portion to be reported by grantor or transferor
Income		
1 Dividends		
2 Interest		
3 Income from partnerships and other fiduciaries		
4 Gross rents and royalties		
5 Gross profit (loss) from trade or business		
6 Net gain (loss) from capital assets		
7 Ordinary gains and losses		
8 Other income (state nature of income) ▶		
9 Total income (add lines 1 through 8)		
10 Interest		
11 Taxes (attach schedule)		
12 Fiduciary's portion of depreciation and depletion (explain depletion) ▶		
Expenses		
13 Charitable contributions		
14 Other expenses ▶		
15 Total expenses (add lines 10 through 14)		
16 Net income (subtract line 15 from line 9)		
Amount from line 16, column (B), should be entered in Schedule E (Form 1040), Form 1065, Form 1041, or Forms 1120 and 1120S (if less than 100% of column (A), attach computations).		

Part II Balance Sheets

	Beginning of Tax Year		End of Tax Year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
Assets				
1 Cash:				
(a) Savings and interest-bearing accounts				
(b) Other				
2 Accounts receivable net				
3 Notes receivable (attach schedule)				
4 Inventories				
5 Government obligations:				
(a) U.S. and instrumentalities				
(b) State, subdivisions thereof				
6 Investments in non Gov. bonds, etc. (attach schedule)				
7 Investments in corporate stocks (attach schedule)				
8 Mortgage loans (number of loans) ▶				
9 Other investments (attach schedule)				
10 Depreciable (depletable) assets (attach schedule)				
Less accumulated depreciation				
11 Land				
12 Other assets (attach schedule)				
13 Total assets				
Liabilities				
14 Accounts payable				
15 Contributions, gifts, grants, etc. payable				
16 Mortgages and notes payable (attach schedule)				
17 Other liabilities (attach schedule)				
18 Total liabilities				
Related Earnings				
19 Accumulated trust income				
20 Other (attach schedule)				
21 Total net worth				
22 Total liabilities and net worth (line 18 plus line 21)				

Forms and Instructions

Forms and Instructions

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5471 Information Return with Respect to a Foreign Corporation

OMB No. 1545-0044 (Rev. 11-30-88)

Department of the Treasury Internal Revenue Service

Form 5471 (Rev. 1-86)

Information furnished for the foreign corporation's annual accounting period beginning 19 and ending 19

Name and address of person filing this return

Identifying number

File's tax year beginning 19 and ending 19

Important: Fill in all applicable lines and sections. All information must be in the English language AND all amounts must be stated in U.S. dollars unless otherwise indicated.

1a Name of foreign corporation and address where books and records are located

1b Employees identification number, if any

1c Country under whose laws incorporated

2 Were any of the corporation's accounting, tax records maintained on a computerized system? Yes No

3 Date of incorporation

4 Principal country in which business is conducted

5 Business code number

6 Principal business activity

7 Provide the following information for the above stated accounting period of the foreign corporation:

8 If U.S. income tax returns were filed, please indicate

9 Name, address, and identifying number of branch or agent in U.S. (if any)

10 If the foreign corporation owned in filing a consolidated return, name of corporation filing the consolidated return

11 Taxable income or (loss)

12 Amount of U.S. income tax paid (after all credits)

Schedule A Stock of the Foreign Corporation

(a) Description of each class of stock

(b) Beginning of annual accounting period

(c) End of annual accounting period

(1) Issued (2) Outstanding

(1) Issued (2) Outstanding

Schedule B U.S. Shareholders of Foreign Corporation

(a) Name, address, and identifying number of shareholder

(b) Class of stock

(c) Number of shares of outstanding stock held at

(1) Directly (2) Indirectly (3) Constructively

(4) Directly (5) Indirectly (6) Constructively

(d) Pro rata share of Subpart F and G income

Total percentage of voting stock of the foreign corporation owned by you at the end of the annual accounting period of the foreign corporation

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Form 5471 (Rev. 1-86)

Schedule C Earnings and Profits

1 Net sales (gross receipts less returns and allowances)

2 Cost of goods sold and/or operations (line 7, Schedule D)

3 Gross profit (subtract line 2 from line 1c)

4 Dividends

5 Interest

6 Gross rents, royalties, and license fees

7 Net gain or (loss) on sale of capital assets

8 Other income (attach schedule)

9 Total income (add lines 3 through 8)

10 Compensation not deducted elsewhere

11 Rents, royalties, and license fees

12 Interest

13 Depreciation not deducted elsewhere

14 Depletion

15 Taxes (exclude income, war profits, and excess profits taxes)

16 Other deductions (attach schedule—exclude income, war profits, and excess profits taxes)

17 Total deductions (add lines 10 through 16)

18 Earnings and profits (before reduction for any income, war profits, or excess profits taxes)

19 Income, war profits, and excess profits taxes paid or accrued (from line 5, column (f), Schedule E)

20 Earnings and profits (subtract line 19 from line 18c)

Schedule D Cost of Goods Sold and/or Operations

1 Beginning inventory

2 Merchandise bought for manufacture or sale

3 From unrelated suppliers

4 From related suppliers

5 Add lines 2a and 2b

6 Wages and salaries

7 Other costs (attach schedule)

8 Total (add lines 1 through 4)

9 Ending inventory

10 Cost of goods sold and/or operations (subtract line 9 from line 8)

11 If you are engaged in manufacturing, did you value your inventory using the full absorption method (Regulations section 1.471-11)? Yes No

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued

(a) Name of country or U.S. possession

(b) In foreign currency

(c) Conversion rate

(d) In U.S. dollars

1 U.S.

2

3

4

5 Total. Enter here and on line 19, Schedule C

Form 5471 (Rev. 1-86)

Schedule F Balance Sheets

(a) Beginning of annual accounting period

(b) End of annual accounting period

1 Cash

2 Trade notes and accounts receivable

3 Less allowance for bad debts

4 Inventories

5 Other current assets (attach schedule)

6 Loans to stockholders and other related persons (complete Schedule G, line 1)

7 Investment in subsidiaries (attach schedule)

8 Buildings and structures

9 Less accumulated depreciation

10 Other fixed depreciable assets

11 Less accumulated depreciation

12 Depreciable assets

13 Less accumulated depletion

14 Land (net of any amortization)

15 Intangible assets

16 Goodwill

17 Organization costs

18 Patents, trademarks, and other intangible assets

19 Less accumulated amortization for lines 15a, b, and c

20 Other assets (attach schedule)

21 Total assets

22 Liabilities and stockholders' equity

23 Accounts payable

24 Other current liabilities (attach schedule)

25 Loans from stockholders and other related persons (complete Schedule G, line 2)

26 Other liabilities (attach schedule)

27 Capital stock

28 Preferred stock

29 Common stock

30 Paid in or capital surplus (attach reconciliation)

31 Retained earnings

32 Appropriated

33 Unappropriated

34 Less cost of treasury stock

Schedule G Loans to and from Shareholders and Other Related Persons

Complete the following summary showing the total amount of outstanding balances at the beginning and end of the foreign corporation's annual accounting period represented by indebtedness and loans of the foreign corporation (column (a)) to persons described in columns (b) through (f). Exclude open accounts which arise and are collected in full during the ordinary course of business.

(a) Outstanding balances of foreign corporation

(b) U.S. person filing this return

(c) Any domestic corporation controlled by U.S. person filing this return

(d) Any foreign corporation controlled by U.S. person filing this return

(e) 10% or more U.S. shareholder or partner in the foreign corporation (other than a corporation)

(f) 10% or more U.S. shareholder of domestic corporation filing this return

1 Loans to persons described in columns (b) through (f)

2 At beginning of foreign corporation's annual accounting period

3 At end of foreign corporation's annual accounting period

4 Loans from persons described in columns (b) through (f)

5 At beginning of foreign corporation's annual accounting period

6 At end of foreign corporation's annual accounting period

Form 5471 (Rev. 1-86)

Schedule H Reconciliation of Book Profits to Earnings and Profits. Do not complete this schedule if total assets (Schedule F, line 13, column (b)) are less than \$25,000.

1 Profit or (loss) for the year per books of account (before reduction for any income, war profits, and excess profits taxes)

2 Net adjustments to book profit in determining earnings and profits for U.S. tax purposes (see instructions)

3 Total net adjustments

4 Total net subtractions

5 Line 1 plus line 3 less line 4

6 Unrealized exchange gain or (loss) under section 964(a) (omit if earnings and profits are not computed under section 964(a))

7 Earnings and profits for the year (before reduction for any income, war profits, and excess profits taxes) (add lines 5 and 6)

8 Income, war profits, and excess profits taxes paid or accrued (from line 5, column (d), Schedule E)

9 Earnings and profits (subtract line 8 from line 7)

Schedule I Analysis of Unappropriated Retained Earnings. Do not complete this schedule if total assets (Schedule F, line 13, column (b)) are less than \$25,000.

1 Balance at beginning of annual accounting period

2 Net income per books

3 Other increases (decreases)

4 Total (add lines 1 through 3)

5 Distributions out of earnings and profits

6 Paid during first 60 days of annual accounting period

7 Paid during remainder of annual accounting period

8 Add lines 5a and 5b

9 Other distributions (dividends)

10 Other decreases (dividends)

11 Total (add lines 5c through 7)

12 Balance at end of annual accounting period (subtract line 11 from line 4)

Schedule J Summary of Subpart F Income (see worksheets contained in the instructions)

1 Subpart F Income (line 17, Worksheet A)

2 Increase in earnings invested in United States property (line 14, Worksheet C)

3 Previously excluded Subpart F income withdrawn from qualified investments (line 6, Worksheet D)

4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7, Worksheet E)

5 Factoring income (see instructions)

6 Total of lines 1 through 5 (Enter here and on your income tax return)

7 Was the income of the foreign corporation blocked (see section 964(b))?

8 Yes No

Schedule K Accumulated Earnings and Profits Since 1962

1 Balance at beginning of year

2 Current year earnings and profits

3 Actual distributions in current year

4 Balance at end of year

Schedule L Persons with Whom, or on Whose Behalf, this Return is Filed

(a) Name

(b) Address

(c) Identifying number

(d) Check applicable boxes: Shareholder, Officer, Director

Instructions for Form 5471

(Revised January 1986)

Information Return With Respect to a Foreign Corporation

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Purpose of Form.—Certain U.S. persons involved in international operations file Form 5471 to report their activities.

Foreign Sales Corporations.—Shareholders, officers, and directors of a Foreign Sales Corporation (FSC), as defined in section 922, do not have to file Form 5471 and Schedule O to report the organization of a FSC. However, any subsequent reorganization, transfer, or acquisition of stock in the FSC must be reported.

Foreign sales corporations are generally not subject to the subpart F rules contained in sections 951-964. However, the non-exempt portion of a FSC's foreign trade income computed without regard to the administrative pricing rules (section 923(a)(2)(B)) is subject to subpart F rules. When a FSC is a controlled foreign corporation and has section 923(a)(2) non-exempt income, U.S. shareholders must file Form 5471 and any applicable schedules.

Computer Generated Form 5471 and Schedules.—You may submit computer generated printouts of Form 5471 and its schedules. However, all computer generated forms must receive prior approval from the IRS. Please submit all requests for approval to: Internal Revenue Service, Attention: Substitute Forms Program, D. R. 1111, 1111 Constitution Avenue, N.W., Washington, D.C. 20224.

Who Must File Form 5471.—Generally, the following U.S. persons who have an interest in a foreign corporation must file Form 5471. However, it may not be necessary to complete all of the schedules. Please read each of the categories of filers to determine which schedules apply. Do not duplicate information if you are determined to be more than one filer category. However, you must complete all schedules that apply to you.

You must complete a separate Form 5471 and the applicable schedules for each foreign corporation.

All filers should complete the identifying data and items 1 and 2 on page 1 of Form 5471.

Under certain circumstances, one person may file Form 5471 and the applicable schedules for other persons who have the same filing requirements. Please refer to the specific instructions for Schedule L.

Categories of Filers

A. U.S. citizens or residents who are officers, directors, or 10% or more shareholders in a foreign personal holding company.—Complete Schedules A through F and H. Also, see the instructions for Schedule L, if the same information is required of more than one person.

B. U.S. citizens or residents who are officers or directors of a foreign corporation in which a U.S. person acquires a 5% or more ownership, or acquires an additional 5% or more ownership in that foreign corporation (from the last time information was reported).—Complete only Part I of Schedule O. Also, see the instructions for Schedule L, if the same information is required of more than one person.

C. A U.S. person who is a shareholder in a foreign corporation and who:

(1) acquires a cumulative 5% or more ownership in the outstanding stock of the foreign corporation;

(2) acquires an additional 5% or more ownership in the outstanding value of the foreign corporation;

(3) owns 5% or more in the value of the outstanding stock of the foreign corporation;

(4) disposes of sufficient stock in the foreign corporation to reduce the U.S. person's ownership in the value of the outstanding stock in the foreign corporation to less than 5%; or

(5) a person who becomes a U.S. person while owning 5% or more in the value of the outstanding stock of the foreign corporation.

Complete Schedules C through F, K, and O.

D. A U.S. person who had control of a foreign corporation for an uninterrupted period of at least 30 days during the annual accounting period of the foreign corporation.—Complete Schedules A through G, I, and M.

Also, see the instructions for Schedule L, if the same information is required of more than one person.

E. A U.S. person who was a 10% or more shareholder in a corporation that was a controlled foreign corporation for an uninterrupted period of 30 days during its annual accounting period, and who owned stock in the controlled foreign corporation

on the corporation's last day of its annual accounting period. Complete Schedules C, D, E, J, and K. See the worksheets in the instructions for the computation of subpart F income. See section 951 for exceptions for individuals who are residents of U.S. possessions.

Definitions

U.S. Person.—A U.S. person is any of the following:

- (1) a U.S. citizen or resident;
- (2) a domestic partnership;
- (3) a domestic corporation, or
- (4) an estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

Control.—A U.S. person "controls" a foreign corporation if that person owns stock with more than 50% of the voting power of all classes of stock entitled to vote, or if that person owns more than 50% of the total value of all shares of stock in the foreign corporation.

In determining "control," the rules for constructive ownership contained in section 318 apply with the following exceptions:

- (a) if a non-U.S. person who is a partner or who is a beneficiary of an estate or trust is the owner of the stock, the U.S. person's ownership in the stock will not be considered to own such stock;
- (b) if a non-U.S. person is a shareholder in the foreign corporation, the person will not be considered to own the stock of the shareholder;
- (c) if 10% or more in the value of the partnership or estate or trust will be owned, directly or indirectly, by or for any person, section 318(a)(2)(C) will apply.

U.S. Shareholder.—A U.S. shareholder of a foreign corporation is any U.S. person who is a shareholder, directly or indirectly, or constructively, 10% or more of the total combined voting power of all classes of stock of the foreign corporation entitled to vote. For rules for determining stock ownership, see section 318.

Controlled Foreign Corporation.—A controlled foreign corporation is any foreign corporation of which more than 50% of the total combined voting power of all classes of stock of the corporation is owned, directly or indirectly, or constructively, by U.S. shareholders on any day during the tax year.

Any person required to file Form 5471 and Schedule N who agrees to have another person file the form and schedule for him or her may be subject to the penalty if the other person does not file a correct and proper form and schedule.

Failure to submit information required under section 6038 (Form 5471 and Schedule M).—Any person required to submit this type of information who fails to do so or fails to report the information requested may be subject to a penalty of \$1,000 (section 6679). Additionally, criminal penalties under sections 7203, 7206, and 7207 may apply for failure to submit information or for filing false or fraudulent information.

Any person required to file Form 5471 and Schedule N who agrees to have another person file the form and schedule for him or her may be subject to the penalty if the other person does not file a correct and proper form and schedule.

Failure to submit information required under section 6038 (Form 5471 and Schedule M).—Section 6038 states that any person who fails to submit the required information under that Code section will lose a portion of the credit under section 951(c) for the foreign corporation's income.

(1) income from the insurance of U.S. persons;

(2) foreign base company income;

(3) international boycott income;

(4) the amount of any illegal bribes, kickbacks, or other payments made to an employee, officer, or agent of a government;

(5) amounts withdrawn from investments in less developed countries; and

(6) amounts withdrawn from investments in foreign based shipping operations; and

(7) the increase in value of the corporation's investment in U.S. property for the year.

Related persons.—For purposes of completing Schedules C and D, the term "related" includes any person who has a relationship with the foreign corporation that is described in section 267(b). Also, the rules concerning the constructive ownership of stock contained in section 267(c) apply.

When and Where To File

File Form 5471 and any applicable schedules in duplicate when your tax return is due, including extensions. Attach one copy to your income tax return. Send the other copy to the Internal Revenue Service Center, Philadelphia, PA 19255. Report information for the annual accounting period of the foreign corporation that ends with or within your income tax year. However, for purposes of Schedule O, report acquisitions, dispositions, and reorganizations of foreign corporations that occur with or within your income tax year.

Special filing requirements for persons not required to file an income tax return.—If you are not required to file an income tax return but are required to file Form 5471 and Schedule O, you must file Form 5471 and Schedule O with the Internal Revenue Service Center, Philadelphia, PA 19255. File Form 5471 and Schedule O by April 15 following the calendar year during which you became liable for filing Form 5471 and Schedule O. Report acquisitions, dispositions, and reorganizations that occurred during the calendar year.

Penalties.—Failure to file Form 5471 and the applicable schedules may result in the application of civil penalties unless reasonable cause can be established. Criminal penalties may also apply.

Failure to submit information required under section 6038 (Form 5471 and Schedule M).—Any person required to submit this type of information who fails to do so or fails to report the information requested may be subject to a penalty of \$1,000 (section 6679). Additionally, criminal penalties under sections 7203, 7206, and 7207 may apply for failure to submit information or for filing false or fraudulent information.

Any person required to file Form 5471 and Schedule N who agrees to have another person file the form and schedule for him or her may be subject to the penalty if the other person does not file a correct and proper form and schedule.

Failure to submit information required under section 6038 (Form 5471 and Schedule M).—Section 6038 states that any person who fails to submit the required information under that Code section will lose a portion of the credit under section 951(c) for the foreign corporation's income.

(1) income from the insurance of U.S. persons;

(2) foreign base company income;

(3) international boycott income;

(4) the amount of any illegal bribes, kickbacks, or other payments made to an employee, officer, or agent of a government;

(5) amounts withdrawn from investments in less developed countries; and

(6) amounts withdrawn from investments in foreign based shipping operations; and

(7) the increase in value of the corporation's investment in U.S. property for the year.

Also, a penalty of \$1,000 is imposed for failing to supply the information for each controlled foreign corporation under section 6038 when required. Additionally, if the required information is not submitted within 90 days after the Secretary has mailed

notice to the U.S. person, an additional \$1,000 penalty (per corporation) is charged for every 30 days that the information is not submitted. See section 6038(c)(3) and regulations section 1.6038-2(h)(2)(v) for rules concerning these penalties.

Failure to submit information required under section 6045 (Form 5471 and Schedule O).—Any U.S. person who is required to file Form 5471 and Schedule O may be subject to a penalty of \$1,000 for each failure to timely file information with respect to each reportable transaction or for failure to submit the required information with respect to each transaction. (Section 6679(a).)

Any person required to file Form 5471 and Schedule O who agrees to have another person file the form and schedule for him or her may be subject to the penalty if the other person does not file a correct and proper form and schedule.

General Instructions
Completing Form 5471 and Schedules M, N, and O—in order to process Form 5471 and Schedules M, N, and O, we ask that you complete every applicable entry space. Please do not attach statements and write "See attached" instead of completing entry spaces on Form 5471 and Schedules M, N, and O.

Page One.—Enter your name, address, ZIP code, and identifying number. For individuals, their identifying number is their social security number; for all others, their identifying number is their employer identification number.

Name of filer or foreign corporation.—If either the name of the person filing this return or the corporation whose activities are being reported has changed since the last time information was reported, attach a statement explaining the change and showing the prior name.

Line 1.—Enter the principal country in which the foreign corporation conducts its trade or business. This country may be different than the country of incorporation.

g Enter the business code number for the principal business activity. The codes are listed on page 11.

h Enter the principal business activity of the foreign corporation. See page 11 for a description of various business activities.

i Enter the foreign corporation's branch or agent in the U.S., enter the name and identifying number of the branch or agent in the space provided on line 2. If the foreign corporation filed a U.S. tax return, please complete the rest of the information on line 2.

Specific Instructions
Completion of Schedules C, D, and E.—If you are required to file Schedule M, you are only required to complete Schedules C, D, and E for annual accounting periods of the foreign corporation when the foreign corporation pays a dividend or generates subpart F income. Schedule M filers must complete these schedules in all cases.

Completed Income.—The earnings and profits of the foreign corporation, as reflected on Schedule M, shall not be reduced by reason of the fact that all or any part of such earnings and profits could not have been distributed by the foreign corporation, because of currency or other

notice to the U.S. person, an additional \$1,000 penalty (per corporation) is charged for every 30 days that the information is not submitted. See section 6038(c)(3) and regulations section 1.6038-2(h)(2)(v) for rules concerning these penalties.

Failure to submit information required under section 6045 (Form 5471 and Schedule O).—Any U.S. person who is required to file Form 5471 and Schedule O may be subject to a penalty of \$1,000 for each failure to timely file information with respect to each reportable transaction or for failure to submit the required information with respect to each transaction. (Section 6679(a).)

Any person required to file Form 5471 and Schedule O who agrees to have another person file the form and schedule for him or her may be subject to the penalty if the other person does not file a correct and proper form and schedule.

General Instructions
Completing Form 5471 and Schedules M, N, and O—in order to process Form 5471 and Schedules M, N, and O, we ask that you complete every applicable entry space. Please do not attach statements and write "See attached" instead of completing entry spaces on Form 5471 and Schedules M, N, and O.

Page One.—Enter your name, address, ZIP code, and identifying number. For individuals, their identifying number is their social security number; for all others, their identifying number is their employer identification number.

Name of filer or foreign corporation.—If either the name of the person filing this return or the corporation whose activities are being reported has changed since the last time information was reported, attach a statement explaining the change and showing the prior name.

Line 1.—Enter the principal country in which the foreign corporation conducts its trade or business. This country may be different than the country of incorporation.

g Enter the business code number for the principal business activity. The codes are listed on page 11.

h Enter the principal business activity of the foreign corporation. See page 11 for a description of various business activities.

i Enter the foreign corporation's branch or agent in the U.S., enter the name and identifying number of the branch or agent in the space provided on line 2. If the foreign corporation filed a U.S. tax return, please complete the rest of the information on line 2.

Restrictions or limitations imposed under the laws of any foreign country.—Schedule A.—Complete Schedule A to analyze the unapportioned retained earnings of the foreign corporation at the end of its annual accounting period.

However, do not complete Schedule A if the total assets at the end of the annual accounting period are not less than \$25,000. Schedule A.—Use Schedule A to report the portion of the subpart F income of the controlled foreign corporation that the U.S. shareholder filing this return must include in income. If less than 10% of the controlled foreign corporation's gross income is foreign base company income, no portion is included in the income of its U.S. shareholders.

Factoring income.—Factoring income (as defined in section 954(b)(1)) of the foreign corporation is included in the income of its U.S. shareholders even if the controlled foreign corporation has less than 10% foreign base company income. Factoring income is, however, included when determining whether the 10% or 70% test is met.

The worksheets that follow in these instructions may be used by U.S. shareholders to compute income of the controlled foreign corporation whose annual accounting period ends with or within the U.S. shareholder's income tax year. Do not file these worksheets when filing Form 5471.

A step by step procedure for computing the foreign base company income on the worksheets is contained in regulations section 1.952-3. Please refer to these regulations when completing the worksheets.

Computation of Investment in United States Property.—Investment in United States property does not include (1) the stocks and obligations of a domestic corporation which is neither a U.S. shareholder of the controlled foreign corporation nor a domestic corporation, 25% or more of the total combined voting

power of which (immediately after the acquisition) is owned or considered as being owned by the U.S. shareholder of the controlled foreign corporation; and (2) any movable property (other than a vessel or aircraft) which is used for the purpose of transporting, developing, removing, or exploring for, minerals from the ocean or under the ocean when used on the continental shelf of the United States.

Election by an Individual To Be Treated as a Corporation.—A U.S. shareholder who elects to be treated as a corporation on 951(a) must attach to his or her tax return a Form 5713, Internal Revenue Election To Be Treated as a Corporation.

Report.—Any person, or a member of a controlled group (within the meaning of section 932(a)(3)), which includes that person, which has operations in, or related to, a country (or with the government, a company, or a national of a country) which requires participation in or cooperation with doing business within such country or with the government, company, or national of that country, may be required to file Form 5713. Any person subject to the reporting requirements of section 959(a) is required to file Form 5713 in duplicate. One copy of Form 5713 should be attached to the filed with the Internal Revenue Service Center, Philadelphia, PA 19255. For further details, see Form 5713.

International Boycott Income.—If a controlled foreign corporation or a member of a controlled group (within the meaning of section 932(a)(3)) that includes the foreign corporation agrees to participate in or cooperate with an international boycott, or portion of the income of the controlled foreign corporation is included in subpart F income. The amount included in subpart F income is determined by multiplying the income of the controlled foreign corporation (other than income included under section 951 and U.S. source effectively connected business income described in section 952(b)) by the international boycott factor. The international boycott factor is a fraction determined on Schedule A (Form 5713).

Special Rule.—If the shareholder of a controlled foreign corporation can clearly demonstrate that the income earned for the tax year is attributable to specific operations, then, instead of applying the international boycott factor, the addition to the income of the corporation specifically attributable to the operations in which there was participation in or cooperation with an international boycott. See Schedule B (Form 5713).

Enter the amount of international boycott income on line 5 of worksheet A.

Illegal Bribes, Kickbacks, or Other Payments.—Under section 952(a)(4), the sum of the amounts of any illegal bribes, kickbacks, or other payments (within the meaning of section 952(c)) paid by or on behalf of the corporation, directly or indirectly, to an official, employee, or agent of a government is considered subpart F income. These are payments that would be unlawful under the Foreign Corrupt Practices Act of 1977. Enter the total amounts of these payments on line 6 of worksheet A.

Factoring Income.—Factoring income arises when a person collects a trade or service receivable. If the receivable is acquired (directly or indirectly) by a related person, the income is treated as interest on a loan from the originator under the income of the U.S. shareholder even if the controlled foreign corporation's foreign base company income is less than 10% of the foreign corporation's gross income. However, factoring income is included in computing whether the controlled foreign corporation satisfies either the 10% or 70% tests of section 954(b)(3). Additionally, a trade or service receivable acquired by a controlled foreign corporation or a related person is included in subpart F income if section 956 is the originator is a U.S. person.

Show your pro rata share of factoring income on line 5, Schedule J.

Special Rule.—If the shareholder of a controlled foreign corporation can clearly demonstrate that the income earned for the tax year is attributable to specific operations, then, instead of applying the international boycott factor, the addition to the income of the corporation specifically attributable to the operations in which there was participation in or cooperation with an international boycott. See Schedule B (Form 5713).

Enter the amount of international boycott income on line 5 of worksheet A.

Illegal Bribes, Kickbacks, or Other Payments.—Under section 952(a)(4), the sum of the amounts of any illegal bribes, kickbacks, or other payments (within the meaning of section 952(c)) paid by or on behalf of the corporation, directly or indirectly, to an official, employee, or agent of a government is considered subpart F income. These are payments that would be unlawful under the Foreign Corrupt Practices Act of 1977. Enter the total amounts of these payments on line 6 of worksheet A.

Factoring Income.—Factoring income arises when a person collects a trade or service receivable. If the receivable is acquired (directly or indirectly) by a related person, the income is treated as interest on a loan from the originator under the income of the U.S. shareholder even if the controlled foreign corporation's foreign base company income is less than 10% of the foreign corporation's gross income. However, factoring income is included in computing whether the controlled foreign corporation satisfies either the 10% or 70% tests of section 954(b)(3). Additionally, a trade or service receivable acquired by a controlled foreign corporation or a related person is included in subpart F income if section 956 is the originator is a U.S. person.

Show your pro rata share of factoring income on line 5, Schedule J.

Worksheet B—Pro Rata Share of Subpart F Income

1 Income derived from insurance of U.S. risks (section 953)

2 Exclusion of U.S. sourced income (section 952(b)) re: insurance of U.S. risks

3 Subtract line 2 from line 1

4 Foreign base company income (worksheet B)

5 International boycott income (see section 952(a)(3) and Form 5713)

6 Amount of illegal bribes, kickbacks, or other payments (see section 952(a)(4))

7 Add lines 3 through 6

8 Pro rata share of line 7 (see reg. sec. 1.951-1(e))

9 Pro rata share of earnings and profits limitation (sections 952(c) and (d))

10 Line 8 or line 9, whichever is less

11 Pro rata share of reduction for export trade income (worksheet E)

12 Subtract line 11 from line 10

13 (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 12

14 Dividends paid to any other person with respect to your stock

15 (Number of days in tax year you did not own such stock over number of days in tax year) times line 12

16 Line 14 or line 15, whichever is less

17 Pro rata share of subpart F income (line 13 less line 16). Enter here and on line 1, Schedule J

Worksheets for computing income from a controlled foreign corporation

The worksheets below will enable you to compute the amount that you may include in your income for the annual accounting period of the controlled foreign corporation that ends with or within your income tax year. Use the questions that follow as a guide in completing the various worksheets below.

1 Did the controlled foreign corporation have foreign base company income (as determined for purposes of section 954(b)(3)(A)) constituting 10% or more of its gross income? If "Yes," complete worksheet B.

2 Did the controlled foreign corporation receive premiums and other consideration from the insurance of U.S. risks in excess of 5% of the premiums and consideration received from insurance of U.S. risks (section 953)? If "No," complete worksheet B.

3 Has any amount ever been excluded from the foreign base company income of the controlled foreign corporation because of an increase in qualified investments in less developed country corporations or because of an increase in qualified investments in foreign base company shipping operations? If "Yes," complete worksheet D.

4 Has any amount ever been excluded from the subpart F income of the controlled foreign corporation because it qualified as an export trade corporation? If "Yes," complete worksheet F.

5 Did the controlled foreign corporation hold any United States property at the close of its tax year (other than property excluded under section 956(b)(2)(H) "Yes," complete worksheet C.

6 Is the controlled foreign corporation a foreign investment company or a foreign personal holding company? If "Yes," see section 951(c) or (d) and the related regulations.

Worksheet A—Pro Rata Share of Subpart F Income

1 Income derived from insurance of U.S. risks (section 953)

2 Exclusion of U.S. sourced income (section 952(b)) re: insurance of U.S. risks

3 Subtract line 2 from line 1

4 Foreign base company income (worksheet B)

5 International boycott income (see section 952(a)(3) and Form 5713)

6 Amount of illegal bribes, kickbacks, or other payments (see section 952(a)(4))

7 Add lines 3 through 6

8 Pro rata share of line 7 (see reg. sec. 1.951-1(e))

9 Pro rata share of earnings and profits limitation (sections 952(c) and (d))

10 Line 8 or line 9, whichever is less

11 Pro rata share of reduction for export trade income (worksheet E)

12 Subtract line 11 from line 10

13 (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 12

14 Dividends paid to any other person with respect to your stock

15 (Number of days in tax year you did not own such stock over number of days in tax year) times line 12

16 Line 14 or line 15, whichever is less

17 Pro rata share of subpart F income (line 13 less line 16). Enter here and on line 1, Schedule J

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Worksheet B—Foreign Base Company Income

Show gross amounts before exclusions. If the entire gross income of the controlled foreign corporation is treated under section 954(c)(3)(B) as foreign base company income, separate the gross income into foreign base company shipping income and other than foreign base company shipping income. Enter the amount of foreign base company shipping income on line 1 and complete lines 1 through 24. However, the exclusion on line 2c is not allowed. Enter the balance of the gross income on line 19 and complete the worksheet; however, the exclusion on line 20a is not allowed.

- 1 Foreign base company shipping income (see regulations section 1.954-6)
- 2 Less foreign base company shipping income excluded under:
 - a Section 952(b) (U.S. sourced income under subpart F)
 - b Section 954(b)(4)
 - c Section 954(b)(5) and (7)
 - d Dividends described in section 959(b)
- 3 Subtract line 2 from line 1
- 4 Deductions allocable to income shown on line 3 (section 954(b)(5))
- 5 Subtract line 4 from line 3
- 6 Increase in qualified investments in foreign base company shipping operations (see regulations section 1.954-7)
- 7 Subtract line 6 from line 5 (net includible foreign base company shipping income)
- 8 Rents and royalties (other than foreign base company shipping income)
- 9 a Rents and royalties derived in the active conduct of a trade or business and received from an unrelated person (section 954(c)(3)(A))
b Rents and royalties received from a related person for the use of property in the country of incorporation of the controlled foreign corporation (section 954(c)(4)(C))
- 10 Subtract line 9 from line 8
- 11 Dividends, interest, and net gains from the sale or exchange of stock or securities
- 12 Dividends, interest, and net gain described in sections 954(b)(6)(A), 954(c)(3)(B), 954(c)(3)(C), 954(c)(4)(A), and 954(c)(4)(C)
- 13 Subtract line 12 from line 11
- 14 Other foreign personal holding company income (add lines 10, 13, and 14)
- 15 Total foreign personal holding company income (section 954(d)) or section 923(a)(2) non-exempt income
- 16 Foreign base company sales income (section 954(d)) or section 923(a)(2) non-exempt income
- 17 Foreign base company services income (section 954(e))
- 18 Foreign base company related income (section 954(h))
- 19 Total—add lines 15 through 18
- 20 Exclusion of certain gross amounts included in line 19:
 - a Income described in section 954(b)(6)(B)
 - b Income described in section 954(b)(4)
 - c Dividends described in section 959(b)
 - d Exclusion of U.S. sourced income (section 952(b))
- 21 Subtract line 20 from line 19
- 22 Deductions (including taxes) allocable to amounts included on line 21 (section 954(b)(5))
- 23 Subtract line 22 from line 21
- 24 Foreign base company income (line 7 plus line 23). Enter here and on line 4, worksheet A

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Worksheet C—Pro Rata Share of Increase in Earnings Invested in U.S. Property

- 1 Amount of U.S. property (other than property excluded under section 956(b)(2)) held, directly or indirectly, by the controlled foreign corporation at the close of the tax year
- 2 If limitation applies, enter current and accumulated earnings and profits at the close of the tax year (see reg. sec. 1.956-1(b))
- 3 Amount of earnings invested in U.S. property at the close of the tax year which would constitute a dividend if distributed on such date (line 1 or line 2, whichever is applicable)
- 4 Amount of U.S. property (other than property excluded under section 956(b)(2)) held, directly or indirectly, by the controlled foreign corporation at the close of the preceding tax year
- 5 If limitation applies, enter current and accumulated earnings and profits at the close of the preceding tax year (see reg. sec. 1.956-1(b))
- 6 Amount of earnings invested in U.S. property at the close of the preceding tax year which would constitute a dividend if distributed on such date (line 4 or line 5, whichever is applicable)
- 7 Amounts paid during the preceding tax year to which section 959(c)(1) applies
- 8 Subtract line 7 from line 6
- 9 Pro rata share of line 8 (see reg. sec. 1.956-1(d))
- 10 Pro rata share of line 9 (see reg. sec. 1.956-1(d))
- 11 Subtract line 10 from line 9
- 12 (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 11
- 13 Amounts excludable under section 959(c)(2)
- 14 Pro rata share of increase in earnings invested in United States property (Subtract line 13 from line 12). Enter here and on line 2, Schedule J

Worksheet D—Pro Rata Share of Previously Excluded Subpart F Income Withdrawn From Qualified Investments in Less Developed Country Corporations and From Qualified Investments in Foreign Base Company Shipping Operations

- 1 Decrease in qualified investments in less developed countries (see reg. sec. 1.955-1(b)(1) and foreign base company shipping operations (see reg. sec. 1.955A))
- 2 Limitation (see reg. sec. 1.955-1(b)(2)):
 - a Sum of earnings and profits for the tax year and earnings and profits accumulated for prior tax years beginning after December 31, 1962
 - b Sum of amounts invested in less developed countries or foreign base company shipping operations and excluded from foreign base company income for all prior tax years, less sum of such amounts withdrawn for such years (see reg. sec. 1.955-1(b)(2)(ii))
- 3 Enter line 2a or line 2b, whichever is less
- 4 Previously excluded subpart F income withdrawn for the tax year (line 1 or line 3, whichever is less)
- 5 Pro rata share of line 4 (see reg. sec. 1.955-1(c))
- 6 (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 5. Enter here and on line 3, Schedule J

Worksheet E—Pro Rata Share of Reductions for Export Trade Income

- 1 Total export trade income (section 971(b))
- 2 Amount of line 1 which constitutes foreign base company income included in line 24, worksheet B
- 3 150% of export promotion expenses allocable to export trade income which constitutes foreign base company income (see reg. sec. 1.970-1(b)(2)(ii))
- 4 10% of gross receipts and gross amounts received or accrued which are attributable to export trade income which constitutes foreign base company income (see reg. sec. 1.970-1(b)(2)(ii))
- 5 Increase in investments in export trade assets (see reg. sec. 1.970-1(d)(2))
- 6 Line 5 times line 2 divided by line 1
- 7 Reduction for export trade income—enter the smallest of line 2, 3, 4, or 6
- 8 Pro rata share of line 7 (see reg. sec. 1.951-1(e)). Enter here and on line 11, worksheet A

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Worksheet F—Pro Rata Share of Previously Excluded Export Trade Income Withdrawn From Investment in Export Trade Assets

- 1 Decrease in investments in export trade assets (see reg. sec. 1.970-1(b)(3))
- 2 Pro rata share of line 1
- 3 Pro rata share of the sum of earnings and profits for the tax year and earnings and profits accumulated for prior tax years beginning after December 31, 1962 (see reg. sec. 1.970-1(c)(2)(ii))
- 4 Limitation under section 970(b) (see reg. sec. 1.970-1(c)(2)(ii)):
 - a Pro rata share of the sum of the amounts by which subpart F income for prior tax years was reduced under section 970(a)
 - b Pro rata share of the sum of the amounts which were not included in subpart F income for prior tax years by reason of reg. sec. 1.972-1
 - c Add lines 4a and 4b
 - d Pro rata share of the sum of the amounts which were previously included in subpart F income for prior tax years under section 951(a)(1)(A)(ii) by reason of section 970(b)
- 5 Subtract line 4d from line 4c
- 6 Enter the smallest of line 2, 3, or 5
- 7 (Number of days in tax year corporation was a controlled foreign corporation over number of days in tax year) times line 6. Enter here and on line 4, Schedule J

Schedule M—Shareholders in a controlled foreign corporation who are reporting subpart F income must complete Schedule M from the later of 1962 or the date the foreign corporation first generated subpart F income.
U.S. shareholders who are completing Form 5471 and Schedule O must complete Schedule M for the foreign corporation for all of its annual accounting periods since 1962. Schedule L—Under certain circumstances described below, one person may file Form 5471 and the applicable schedules for other persons who have the same filing requirements as the person filing Form 5471 (and schedules).
* If you are an officer, director, or 10% or more U.S. shareholder in a foreign personal holding company who is filing Form 5471 and Schedule N and there are other officers, directors, or 10% or more U.S. shareholders who are required to file Form 5471 and Schedule N, you may file Form 5471 and Schedule N for these persons by completing Schedule L.
If you have had Form 5471 and Schedule N filed on your behalf, you must attach a statement to your income tax return showing the name, address, taxpayer identifying number, type of return filed, and Service Center where the person filed Form 5471 and Schedule N for you. (Regulations section 1.6035-1(b)(3).)
* Any two or more officers or directors of a foreign corporation who must report information on Form 5471 and Schedule O with respect to one or more U.S. shareholders of that foreign corporation may jointly file Form 5471. One officer or director must file Form 5471 and Schedule O in duplicate (as explained under "Who Must File") and complete Schedule L with respect to the other officers or directors.
Also, any two or more officers or directors required to file with respect to one or more shareholders of the same corporation may, by appointment, by one or more powers of attorney, one officer or director as attorney-in-fact for the purpose of preparing their separate returns or a joint return.
The power of attorney must be made in accordance with regulations section 1.6046-1(e)(3). It must be limited to a single tax year and the preparation of

Form 5471 and Part I of Schedule O. A copy of each power of attorney is not required to be filed with Form 5471 but must be available for inspection by the Internal Revenue Service.
* Two or more shareholders may jointly file Form 5471 and Schedule O for the same corporation. The shareholder who has an equal or greater value of stock must file Form 5471 and Schedule O and enter the name, address, and taxpayer identifying number of all other shareholders in Schedule L. The shareholder for whom Form 5471 and Schedule O were filed must attach a statement to its income tax return showing the name, address, taxpayer identifying number, and Service Center where the person filed Form 5471 and Schedule O on its behalf filed its income tax return.
**Schedule M—Schedule M is an information return required by section 6038. Every U.S. person must file Schedule M for each foreign corporation that person controls for any 30-day period within the foreign corporation's annual accounting period. Schedule M is filed to report the transactions of the foreign corporation's annual accounting period ending with or within the U.S. person's income tax year. A U.S. person who is otherwise required to file Schedule M will not have to file Schedule M if all of the following conditions are met:
(1) The person does not own a direct interest in the foreign corporation, and
(2) The person is required to file Schedule M only by rules of attribution, and
(3) The person from whom the stock ownership is attributed filed Form 5471 and Schedules L and M.
If you are exempt from filing Schedule M because all of the above conditions apply to you, you must submit a statement with your income tax return identifying the person who filed for you, that person's taxpayer identifying number, and the Service Center where that person filed his or her income tax return.
Schedule N—Schedule N is an information return used to report the activities of a foreign personal holding company. Schedule N is used to report the information required by section 6035.**

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3 consecutive tax years in each of which less than 50% of the gross income is foreign personal holding company income.
Stock ownership test.—The stock ownership test is met if, at any time during the tax year, more than 50% of the value of the outstanding stock of the foreign corporation is owned, directly or indirectly, by or for 5 or fewer individuals who are citizens or residents of the United States.
Who Must File.—Every U.S. citizen or resident who is an officer, director, or 10% or more (either directly or indirectly) shareholder in a foreign personal holding company must file Schedule N. The information is submitted for the foreign personal holding company's annual accounting period that ends with or within the officer's, director's, or shareholder's income tax year.
Whether an individual is considered an officer, director, or 10% or more shareholder is determined on the date that Form 5471 is required to be filed. If no individual qualifies as to that date, the determination is made on the last day of the foreign corporation's tax year in which there was such a person who was a U.S. citizen or resident.

An individual is considered to own the stock owned by members of his or her family, as described in section 554(a)(2). Corporation that ceases to be a foreign personal holding company.—File a return for a corporation that ceased being a foreign personal holding company after the tax year ended, if it was a foreign personal holding company during the tax year.

Change in rights.—If, during the tax year, an amendment to the corporate charter or any other cause changed the rights of various classes of shareholders or the various privileges of outstanding securities, attach a statement to the return describing the changes in detail.
Corporation organized or reorganized during the tax year.—If you are filing for a tax year in which the corporation was organized or reorganized, submit the following information:
(1) A list of the classes and kinds of assets transferred to the corporation for corporate stock or securities in connection with the organization or reorganization.
(2) A detailed list of any stock or securities included in the assets transferred to the corporation for its stock or securities.
(3) A list of the names and addresses of the persons who, immediately before the transfer, owned assets transferred to the corporation for its stock or securities.
First-time filers.—If this is the first time you are submitting information required under section 6035, attach the following information:

(a) A statement of stock ownership showing that during the corporation's tax year more than 50% in value of its outstanding stock was owned, directly or indirectly, by or for not more than five individuals who are citizens or residents of the U.S.
(b) A detailed statement of the conversion privileges of any outstanding securities that are convertible to the corporation's stock.
(c) A detailed statement of the respective rights of the various classes of shareholders if more than one class of stock is outstanding.
This information does not, however, need to be submitted if it was previously furnished by another person.

Specific Instructions for Part I (Schedule M)
Section A—List in Section A the outstanding securities of the foreign personal holding company that are convertible into the stock of the foreign personal holding company. List the interest rate and the face value of the securities at the beginning and end of the corporation's annual accounting period.
Also list in Section A any options granted by the corporation during its tax year.

Section B—Identify each person who is the holder of convertible securities in the foreign personal holding company. Also, enter the class of securities held, the number and face value at the beginning and end of the corporation's tax year, and an explanation of any change in the holdings for each person holding the convertible securities.
Enter the name and address of each person granted an option for the stock of the foreign personal holding company.

Specific Instructions for Part II (Schedule N)
Part II is used to report the income and deductions of the foreign personal holding company's tax year.

Section A—Computation of Undistributed Foreign Personal Holding Company Income.
Line 2.—Enter on line 2 any adjustments to the earnings and profits of the foreign personal holding company that are used to arrive at the taxable income of the foreign personal holding company. Examples of items that would increase the taxable income of the foreign personal holding company might be (1) expenses that are not deductible in computing taxable income but have been used in arriving at earnings and profits, and (2) excesses of capital losses over capital gains. Examples of amounts that would reduce the earnings and profits of the foreign personal holding company are expenses deducted in prior years to determine earnings and profits of the foreign personal holding company that are properly chargeable in the current year in determining taxable income.

Line 5.—Excess of expenses and depreciation over income from property not allowable under section 556(b)(5).—Enter the total amount of any deductions taken in computing taxable income under the provisions of section 164(e), relating to tax of a shareholder paid by the corporation, and section 404, relating to person, trusts, etc.
Line 6.—Contributions deductible under section 556(b)(2).—For purposes of computing undistributed foreign personal holding company income, section 556(b)(2) and the related regulations apply to the limitations in section 1700(c)(1)(A), (B), and (C).

(a) that the rent or other compensation received was the highest obtained, or, if none was received, that none was obtainable;
(b) that the property was held in the course of a business carried on for profit; and
(c) either that there was reasonable expectation that the operation of the property would result in a profit or that the property was necessary to the conduct of the business.
If excess deductions are claimed, attach a statement for each property showing the following:
(a) A description of the property;
(b) The cost or other basis of the property and the nature and value of the consideration paid for the property;
(c) The name and address of the person from whom the property was acquired and the date the property was acquired;
(d) The name and address of the person to whom the property was leased or rented, or the person permitted to use the property, and the number of shares of stock, if any, held by the person and the members of his or her family;
(e) The nature (cash, securities, services, etc.) and the gross amount of rent or other compensation received or accrued for the use of, or the right to use, the property during the tax year and for each of the 5 preceding years and the amount of expense incurred with respect to, and the depreciation sustained on, the property for such year;
(f) Evidence that the rent or other compensation was the highest obtainable or, if none was received or accrued, a statement of the reason that none was received or accrued;
(g) A copy of the contract, lease, or rental agreement;
(h) The purpose for which the property was used;
(i) The business carried on by the corporation with the respect to which the property was held and the gross income, expenses, and taxable income derived from the conduct of such business for the tax year and for each of the 5 preceding years;
(j) The reasons for acquiring the property, for expecting that it would be profitable, and for using the property in the business of the corporation; and
(k) Any other information in support of the deductions.

Section B—Excess of expenses and depreciation over income from property not allowable under section 556(b)(5).—Enter the total amount of any deductions taken in computing taxable income under the provisions of section 164(e), relating to tax of a shareholder paid by the corporation, and section 404, relating to person, trusts, etc.
Line 6.—Contributions deductible under section 556(b)(2).—For purposes of computing undistributed foreign personal holding company income, section 556(b)(2) and the related regulations apply to the limitations in section 1700(c)(1)(A), (B), and (C).

(a) that the rent or other compensation received was the highest obtained, or, if none was received, that none was obtainable;
(b) that the property was held in the course of a business carried on for profit; and
(c) either that there was reasonable expectation that the operation of the property would result in a profit or that the property was necessary to the conduct of the business.
If excess deductions are claimed, attach a statement for each property showing the following:
(a) A description of the property;
(b) The cost or other basis of the property and the nature and value of the consideration paid for the property;
(c) The name and address of the person from whom the property was acquired and the date the property was acquired;
(d) The name and address of the person to whom the property was leased or rented, or the person permitted to use the property, and the number of shares of stock, if any, held by the person and the members of his or her family;
(e) The nature (cash, securities, services, etc.) and the gross amount of rent or other compensation received or accrued for the use of, or the right to use, the property during the tax year and for each of the 5 preceding years and the amount of expense incurred with respect to, and the depreciation sustained on, the property for such year;
(f) Evidence that the rent or other compensation was the highest obtainable or, if none was received or accrued, a statement of the reason that none was received or accrued;
(g) A copy of the contract, lease, or rental agreement;
(h) The purpose for which the property was used;
(i) The business carried on by the corporation with the respect to which the property was held and the gross income, expenses, and taxable income derived from the conduct of such business for the tax year and for each of the 5 preceding years;
(j) The reasons for acquiring the property, for expecting that it would be profitable, and for using the property in the business of the corporation; and
(k) Any other information in support of the deductions.

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The term "contribution base" when used in section 1700X(1) means the corporation's taxable income computed (1) with the adjustments, other than the 10% limitation, provided in section 1700X(2); (2) without the deduction of the amount disallowed under section 556(b)(5) (relating to expenses and depreciation applicable to property of the taxpayer) and section 556(b)(6) (relating to taxes and contributions to pension and trusts); and (3) without the inclusion of the amounts includable as dividends under section 555(b) (relating to the inclusion in gross income of a foreign personal holding company of its distributive share of the undistributed foreign personal holding company income of another company in which it is a shareholder).

The carryover of charitable contributions made in a prior year is not allowed as a deduction in computing undistributed foreign personal holding company income for any tax year.

Line 9.—Taxes.—Section 556(b)(1) provides a deduction for Federal income tax accrued (or, in some cases, paid) during the tax year, but not including the accumulated earnings tax imposed by section 531 or the personal holding company tax imposed by section 541.

Attach a schedule showing (a) the nature of income on which Federal income tax was paid or withheld at the source; (b) when and where the tax was paid or withheld; (c) the amount of tax paid or accrued; and (d) the tax year to which the tax relates.

Also, attach a schedule of income, war profits, and excess profits tax for foreign countries and possessions of the U.S. accrued during the tax year to the extent not allowable as a deduction because a foreign tax credit was claimed.

Line 10.—Net operating loss for the preceding tax year.—Section 556(b)(4) provides that in lieu of the net operating loss deduction provided in section 171 there will be allowed the amount of the net operating loss (as defined in section 172(c)) for the preceding tax year computed without the deductions provided in sections 241 through 250, except for section 248.

Section B.—Deduction for dividends paid.—Enter the deduction for dividends paid provided in section 551. The deduction for dividends paid is the sum of the dividends paid during the tax year and the dividend deduction for the tax year (determined under section 555).

The rules in section 562 will apply in determining the deduction for dividends paid. Consult the deduction in Section B and attach (a) a copy of each dividend resolution, and (b) a concise statement of the pertinent facts relating to the payment of each dividend, clearly specifying (1) the medium of payment, and (2) if not paid in money, the fair market value and adjusted basis (or face value, if paid in the corporation's own obligations) on the date of distribution of the property, and (3) the manner in which the fair market value and adjusted basis were determined.

Schedule O.—Schedule O is used to report the organization or reorganization of a foreign corporation and the acquisition of its stock under section 6045. U.S. persons who are officers, directors, or shareholders

in a foreign corporation must complete Schedule O in certain cases described below.

Who Must Complete Schedule O

A. Officers and directors.—Every U.S. citizen or resident who is a director or officer of a foreign corporation must complete Schedule O to report each U.S. person who:

- (1) acquires stock in a foreign corporation (in one or more transactions) that gives that person a 5% or more ownership in the foreign corporation. Stock owned by the U.S. person on January 1, 1963, however, is not considered in determination of the 5% amount; or
- (2) acquires an additional 5% ownership in the foreign corporation after Schedule O has been filed.

Example 1.—(1) Mr. Harris is a U.S. citizen who is a director of a foreign corporation. Mr. Johnson, also a U.S. citizen, acquires stock in that corporation in the following transactions—

- (a) on March 1, 1984, Johnson acquires 2% of the corporation's stock;
- (b) on October 1, 1984, Johnson acquires an additional 2% of the corporation's stock; and
- (c) on December 1, 1984, Johnson acquires an additional 2% of the corporation's stock.

Harris is required to report Johnson's December 1, 1984, transaction since Johnson at that point owned more than 5% of the foreign corporation.

(2) The facts are the same as above. Also, Johnson acquires an additional 4% of the foreign corporation's outstanding stock on March 1, 1985, and on April 1, 1985, Johnson acquires an additional 2% of the foreign corporation's outstanding stock.

Harris does not have to complete Schedule O for the March 1, 1985, transaction since Johnson had not acquired an additional 5% or more since Harris last filed Form 5471 and Schedule O. Harris is, however, required to complete Schedule O for the April 1, 1985, transaction since Johnson had, at that time, acquired an additional 5% or more of the foreign corporation's outstanding stock.

B. Shareholders.—Every U.S. person must file Schedule O when:

- (a) the person acquires (whether in one or more transactions) outstanding stock of a foreign corporation which has, or which when added to any stock then owned by that person (excluding any stock owned on January 1, 1963, if on that date he or she owned 5% or more in value of the stock), has a value equal to 5% or more in value of the outstanding stock of the foreign corporation;
- (b) the person, having already acquired (whether in one or more transactions) outstanding stock of the foreign corporation or the interest referred to in (a) above;
- (c) acquires (whether in one or more transactions) an additional 5% or more in value of the outstanding stock of the foreign corporation.

- (i) owns 5% or more in value of the outstanding stock of a foreign corporation when the foreign corporation is reorganized; or
- (ii) disposes of sufficient stock in the foreign corporation to reduce his or her interest to less than 5% in value of the corporation; or
- (c) the person becomes a U.S. person while owning 5% or more in value of the outstanding stock of the foreign corporation.

Examples.—(1) On June 10, 1983, a domestic corporation, Z, acquires a 5% ownership in a foreign corporation. Z completes Form 5471 and Schedule O to report this transaction. On July 7, 1983, Z acquires an additional 4% of the outstanding stock of the foreign corporation and on September 2, 1983, Z acquires an additional 2% of the foreign corporation's outstanding stock. Z is not required to complete Schedule O for the July 7, 1983, transaction, but must complete Schedule O to report the September 2, 1983, transaction since that transaction gives Z an additional 5% or more ownership from the last time Z became liable for completing Schedule O (June 10, 1983).

(2) On May 1, 1983, D, a domestic corporation, owns 15% of the outstanding stock of a foreign corporation. On August 7, 1983, the foreign corporation was reorganized. As a result, D now owned 7% of the foreign corporation's outstanding stock. D must complete Schedule O to report this transaction.

(3) The facts are the same as above in example (2). Additionally, on October 1, 1983, D donates 3% of the outstanding stock of the foreign corporation to a charitable organization. D must complete Schedule O to report this transaction since the transaction reduces D's interest in the foreign corporation to less than 5%.

C. Persons not required to file.—(1) An officer or director is not required to file Schedule O to report an acquisition of stock by a shareholder.

(2) A shareholder is not required to file Schedule O to report an acquisition of stock by a shareholder who is described below.

(3) A shareholder is not required to file Schedule O if all of the following conditions are met:

- (a) the shareholder does not directly own an interest in the foreign corporation;
- (b) the shareholder is required to furnish the information solely by reason of attribution of stock ownership from a U.S. person; and
- (c) the person from whom the stock ownership is attributed furnishes all of the information required of the person to whom the stock ownership is attributed.

(4) or issues regarding shareholders who do not have to file Schedule O (formerly Form 959) because shareholders who own more stock file for them, see regulations section 1.6046-1(e)(5). If you are a shareholder who is filing for other shareholders in this situation, enter those shareholders' names in Schedule L.

Specific Instructions (Schedule O)

Part I.—Column (a).—Enter the name of the shareholder whose transaction is being reported.

Column (b).—Enter the address of the shareholder being reported in column (a).

Column (c).—Enter the taxpayer identifying number for the shareholder being reported in column (a). For individuals, this is their social security number. For all others, it is their employer identification number.

Column (d).—Enter the date the shareholder being reported in column (a) first acquired a 5% or more ownership in the foreign corporation.

Column (e).—Enter the date the shareholder being reported in column (a) acquired an additional 5% or more ownership in the foreign corporation.

Part II.—Part II may be completed by one or more shareholders who are participating in the same transaction that gives rise to the completion of Schedule O.

Section A.—Column (a).—Enter the name of each shareholder who is completing Schedule O.

Column (b).—Enter the class of stock acquired by the person listed in column (a).

Column (c).—Enter the date the stock was acquired by the person listed in column (a).

Column (d).—Enter the method of acquisition. (For example, "purchase," "gift," "bequest," "trade," etc.)

Column (e).—Enter the number of shares.

Column (f).—Acquired indirectly by the person listed in column (a).

Column (g).—Acquired indirectly by the shareholder listed in column (a), such as through the purchase of stock in one foreign corporation that has sufficient ownership in a second foreign corporation that would require the shareholder to file Schedule O.

Column (h).—Constructively owned by the shareholder listed in column (a).

For purposes of column (h), stock owned directly or indirectly by, for, a foreign corporation or a foreign partnership is considered as being owned proportionately by its shareholders or partners. An individual is considered as owning the stock owned directly or indirectly by, for, his or her brothers and sisters (whether by whole or half blood), spouse, ancestors, and lineal descendants.

Column (i).—Enter the amount paid by the shareholder listed in column (a) for the shares of stock entered in column (a). If no price was paid, enter the value given for the shares.

Column (j).—Enter the name and address of the person from whom the shareholder listed in column (a) purchased the shares of stock entered in column (e).

Column (k).—Enter the following for the last U.S. income tax return filed by the shareholder listed in column (a):

Column (1).—Enter the type of return filed (for example, Forms 1040, 1065, 1120, etc.).

Column (2).—Enter the date the last return was filed.

Column (3).—Enter the Internal Revenue Service Center where the shareholder listed in column (a) filed its last income tax return.

Column (4).—Enter the last date the shareholder listed in column (a) filed any information required by section 6046.

Section B.—The shareholder completing Section B must enter the following information with respect to any U.S. citizen or resident who is an officer or director of the foreign corporation.

Column (a).—Enter the name of each officer or director of the foreign corporation who is a U.S. citizen or resident.

Column (b).—Enter the address of each individual listed in column (a).

Column (c).—Enter the total social security number of the individual listed in column (a).

Column (d).—Check the appropriate box or boxes that identify the individual listed in column (a).

Section C.—Section C is completed by shareholders who are completing Schedule O because they have acquired sufficient stock in a foreign corporation. If the shareholder acquired the stock in more than one transaction, use a separate line to report each transaction.

Column (a).—Enter the name of the U.S. shareholder.

Column (b).—Enter the name of each shareholder who is completing Schedule O.

Column (c).—Enter the class of stock acquired by the person listed in column (a).

Column (d).—Enter the date the stock was acquired by the person listed in column (a).

Column (e).—Enter the method of acquisition. (For example, "purchase," "gift," "bequest," "trade," etc.)

Column (f).—Enter the number of shares.

Column (g).—Acquired indirectly by the person listed in column (a).

Column (h).—Acquired indirectly by the shareholder listed in column (a), such as through the purchase of stock in one foreign corporation that has sufficient ownership in a second foreign corporation that would require the shareholder to file Schedule O.

Column (i).—Constructively owned by the shareholder listed in column (a).

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify enterprises by type of activity in which they are engaged.

Using the list below, enter on page 1, the code number for the specific industry group from which the largest percentage of "total receipts" is derived.

If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontract out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3999) under "Manufacturing."

Agriculture, Forestry, and Fishing	Code	Code	Code
0000 Agricultural production	2010 Farm products	3000 Chemical and allied products	4000 Food and kindred products
0001 Agriculture (except horticulture)	2011 Farm products	3001 Rubber, plastics, and synthetic materials	4001 Food and kindred products
0002 Horticulture (except floriculture)	2012 Farm products	3002 Rubber, plastics, and synthetic materials	4002 Food and kindred products
0003 Floriculture	2013 Farm products	3003 Rubber, plastics, and synthetic materials	4003 Food and kindred products
0004 Fishing	2014 Farm products	3004 Rubber, plastics, and synthetic materials	4004 Food and kindred products
0005 Hunting and trapping	2015 Farm products	3005 Rubber, plastics, and synthetic materials	4005 Food and kindred products
0006 Mining	2016 Farm products	3006 Rubber, plastics, and synthetic materials	4006 Food and kindred products
0007 Coal and lignite	2017 Farm products	3007 Rubber, plastics, and synthetic materials	4007 Food and kindred products
0008 Oil and gas extraction	2018 Farm products	3008 Rubber, plastics, and synthetic materials	4008 Food and kindred products
0009 Other mining and quarrying	2019 Farm products	3009 Rubber, plastics, and synthetic materials	4009 Food and kindred products
0010 Lumber and wood products	2020 Farm products	3010 Rubber, plastics, and synthetic materials	4010 Food and kindred products
0011 Lumber and wood products	2021 Farm products	3011 Rubber, plastics, and synthetic materials	4011 Food and kindred products
0012 Lumber and wood products	2022 Farm products	3012 Rubber, plastics, and synthetic materials	4012 Food and kindred products
0013 Lumber and wood products	2023 Farm products	3013 Rubber, plastics, and synthetic materials	4013 Food and kindred products
0014 Lumber and wood products	2024 Farm products	3014 Rubber, plastics, and synthetic materials	4014 Food and kindred products
0015 Lumber and wood products	2025 Farm products	3015 Rubber, plastics, and synthetic materials	4015 Food and kindred products
0016 Lumber and wood products	2026 Farm products	3016 Rubber, plastics, and synthetic materials	4016 Food and kindred products
0017 Lumber and wood products	2027 Farm products	3017 Rubber, plastics, and synthetic materials	4017 Food and kindred products
0018 Lumber and wood products	2028 Farm products	3018 Rubber, plastics, and synthetic materials	4018 Food and kindred products
0019 Lumber and wood products	2029 Farm products	3019 Rubber, plastics, and synthetic materials	4019 Food and kindred products
0020 Lumber and wood products	2030 Farm products	3020 Rubber, plastics, and synthetic materials	4020 Food and kindred products
0021 Lumber and wood products	2031 Farm products	3021 Rubber, plastics, and synthetic materials	4021 Food and kindred products
0022 Lumber and wood products	2032 Farm products	3022 Rubber, plastics, and synthetic materials	4022 Food and kindred products
0023 Lumber and wood products	2033 Farm products	3023 Rubber, plastics, and synthetic materials	4023 Food and kindred products
0024 Lumber and wood products	2034 Farm products	3024 Rubber, plastics, and synthetic materials	4024 Food and kindred products
0025 Lumber and wood products	2035 Farm products	3025 Rubber, plastics, and synthetic materials	4025 Food and kindred products
0026 Lumber and wood products	2036 Farm products	3026 Rubber, plastics, and synthetic materials	4026 Food and kindred products
0027 Lumber and wood products	2037 Farm products	3027 Rubber, plastics, and synthetic materials	4027 Food and kindred products
0028 Lumber and wood products	2038 Farm products	3028 Rubber, plastics, and synthetic materials	4028 Food and kindred products
0029 Lumber and wood products	2039 Farm products	3029 Rubber, plastics, and synthetic materials	4029 Food and kindred products
0030 Lumber and wood products	2040 Farm products	3030 Rubber, plastics, and synthetic materials	4030 Food and kindred products
0031 Lumber and wood products	2041 Farm products	3031 Rubber, plastics, and synthetic materials	4031 Food and kindred products
0032 Lumber and wood products	2042 Farm products	3032 Rubber, plastics, and synthetic materials	4032 Food and kindred products
0033 Lumber and wood products	2043 Farm products	3033 Rubber, plastics, and synthetic materials	4033 Food and kindred products
0034 Lumber and wood products	2044 Farm products	3034 Rubber, plastics, and synthetic materials	4034 Food and kindred products
0035 Lumber and wood products	2045 Farm products	3035 Rubber, plastics, and synthetic materials	4035 Food and kindred products
0036 Lumber and wood products	2046 Farm products	3036 Rubber, plastics, and synthetic materials	4036 Food and kindred products
0037 Lumber and wood products	2047 Farm products	3037 Rubber, plastics, and synthetic materials	4037 Food and kindred products
0038 Lumber and wood products	2048 Farm products	3038 Rubber, plastics, and synthetic materials	4038 Food and kindred products
0039 Lumber and wood products	2049 Farm products	3039 Rubber, plastics, and synthetic materials	4039 Food and kindred products
0040 Lumber and wood products	2050 Farm products	3040 Rubber, plastics, and synthetic materials	4040 Food and kindred products
0041 Lumber and wood products	2051 Farm products	3041 Rubber, plastics, and synthetic materials	4041 Food and kindred products
0042 Lumber and wood products	2052 Farm products	3042 Rubber, plastics, and synthetic materials	4042 Food and kindred products
0043 Lumber and wood products	2053 Farm products	3043 Rubber, plastics, and synthetic materials	4043 Food and kindred products
0044 Lumber and wood products	2054 Farm products	3044 Rubber, plastics, and synthetic materials	4044 Food and kindred products
0045 Lumber and wood products	2055 Farm products	3045 Rubber, plastics, and synthetic materials	4045 Food and kindred products
0046 Lumber and wood products	2056 Farm products	3046 Rubber, plastics, and synthetic materials	4046 Food and kindred products
0047 Lumber and wood products	2057 Farm products	3047 Rubber, plastics, and synthetic materials	4047 Food and kindred products
0048 Lumber and wood products	2058 Farm products	3048 Rubber, plastics, and synthetic materials	4048 Food and kindred products
0049 Lumber and wood products	2059 Farm products	3049 Rubber, plastics, and synthetic materials	4049 Food and kindred products
0050 Lumber and wood products	2060 Farm products	3050 Rubber, plastics, and synthetic materials	4050 Food and kindred products
0051 Lumber and wood products	2061 Farm products	3051 Rubber, plastics, and synthetic materials	4051 Food and kindred products
0052 Lumber and wood products	2062 Farm products	3052 Rubber, plastics, and synthetic materials	4052 Food and kindred products
0053 Lumber and wood products	2063 Farm products	3053 Rubber, plastics, and synthetic materials	4053 Food and kindred products
0054 Lumber and wood products	2064 Farm products	3054 Rubber, plastics, and synthetic materials	4054 Food and kindred products
0055 Lumber and wood products	2065 Farm products	3055 Rubber, plastics, and synthetic materials	4055 Food and kindred products
0056 Lumber and wood products	2066 Farm products	3056 Rubber, plastics, and synthetic materials	4056 Food and kindred products
0057 Lumber and wood products	2067 Farm products	3057 Rubber, plastics, and synthetic materials	4057 Food and kindred products
0058 Lumber and wood products	2068 Farm products	3058 Rubber, plastics, and synthetic materials	4058 Food and kindred products
0059 Lumber and wood products	2069 Farm products	3059 Rubber, plastics, and synthetic materials	4059 Food and kindred products
0060 Lumber and wood products	2070 Farm products	3060 Rubber, plastics, and synthetic materials	4060 Food and kindred products
0061 Lumber and wood products	2071 Farm products	3061 Rubber, plastics, and synthetic materials	4061 Food and kindred products
0062 Lumber and wood products	2072 Farm products	3062 Rubber, plastics, and synthetic materials	4062 Food and kindred products
0063 Lumber and wood products	2073 Farm products	3063 Rubber, plastics, and synthetic materials	4063 Food and kindred products
0064 Lumber and wood products	2074 Farm products	3064 Rubber, plastics, and synthetic materials	4064 Food and kindred products
0065 Lumber and wood products	2075 Farm products	3065 Rubber, plastics, and synthetic materials	4065 Food and kindred products
0066 Lumber and wood products	2076 Farm products	3066 Rubber, plastics, and synthetic materials	4066 Food and kindred products
0067 Lumber and wood products	2077 Farm products	3067 Rubber, plastics, and synthetic materials	4067 Food and kindred products
0068 Lumber and wood products	2078 Farm products	3068 Rubber, plastics, and synthetic materials	4068 Food and kindred products
0069 Lumber and wood products	2079 Farm products	3069 Rubber, plastics, and synthetic materials	4069 Food and kindred products
0070 Lumber and wood products	2080 Farm products	3070 Rubber, plastics, and synthetic materials	4070 Food and kindred products
0071 Lumber and wood products	2081 Farm products	3071 Rubber, plastics, and synthetic materials	4071 Food and kindred products
0072 Lumber and wood products	2082 Farm products	3072 Rubber, plastics, and synthetic materials	4072 Food and kindred products
0073 Lumber and wood products	2083 Farm products	3073 Rubber, plastics, and synthetic materials	4073 Food and kindred products
0074 Lumber and wood products	2084 Farm products	3074 Rubber, plastics, and synthetic materials	4074 Food and kindred products
0075 Lumber and wood products	2085 Farm products	3075 Rubber, plastics, and synthetic materials	4075 Food and kindred products
0076 Lumber and wood products	2086 Farm products	3076 Rubber, plastics, and synthetic materials	4076 Food and kindred products
0077 Lumber and wood products	2087 Farm products	3077 Rubber, plastics, and synthetic materials	4077 Food and kindred products
0078 Lumber and wood products	2088 Farm products	3078 Rubber, plastics, and synthetic materials	4078 Food and kindred products
0079 Lumber and wood products	2089 Farm products	3079 Rubber, plastics, and synthetic materials	4079 Food and kindred products
0080 Lumber and wood products	2090 Farm products	3080 Rubber, plastics, and synthetic materials	4080 Food and kindred products
0081 Lumber and wood products	2091 Farm products	3081 Rubber, plastics, and synthetic materials	4081 Food and kindred products
0082 Lumber and wood products	2092 Farm products	3082 Rubber, plastics, and synthetic materials	4082 Food and kindred products
0083 Lumber and wood products	2093 Farm products	3083 Rubber, plastics, and synthetic materials	4083 Food and kindred products
0084 Lumber and wood products	2094 Farm products	3084 Rubber, plastics, and synthetic materials	4084 Food and kindred products
0085 Lumber and wood products	2095 Farm products	3085 Rubber, plastics, and synthetic materials	4085 Food and kindred products
0086 Lumber and wood products	2096 Farm products	3086 Rubber, plastics, and synthetic materials	4086 Food and kindred products
0087 Lumber and wood products	2097 Farm products	3087 Rubber, plastics, and synthetic materials	4087 Food and kindred products
0088 Lumber and wood products	2098 Farm products	3088 Rubber, plastics, and synthetic materials	4088 Food and kindred products
0089 Lumber and wood products	2099 Farm products	3089 Rubber, plastics, and synthetic materials	4089 Food and kindred products
0090 Lumber and wood products	2100 Farm products	3090 Rubber, plastics, and synthetic materials	4090 Food and kindred products
0091 Lumber and wood products	2101 Farm products	3091 Rubber, plastics, and synthetic materials	4091 Food and kindred products
0092 Lumber and wood products	2102 Farm products	3092 Rubber, plastics, and synthetic materials	4092 Food and kindred products
0093 Lumber and wood products	2103 Farm products	3093 Rubber, plastics, and synthetic materials	4093 Food and kindred products
0094 Lumber and wood products	2104 Farm products	3094 Rubber, plastics, and synthetic materials	4094 Food and kindred products
0095 Lumber and wood products	2105 Farm products	3095 Rubber, plastics, and synthetic materials	4095 Food and kindred products
0096 Lumber and wood products	2106 Farm products	3096 Rubber, plastics, and synthetic materials	4096 Food and kindred products
0097 Lumber and wood products	2107 Farm products	3097 Rubber, plastics, and synthetic materials	4097 Food and kindred products
0098 Lumber and wood products	2108 Farm products	3098 Rubber, plastics, and synthetic materials	4098 Food and kindred products
0099 Lumber and wood products	2109 Farm products	3099 Rubber, plastics, and synthetic materials	4099 Food and kindred products
0100 Lumber and wood products	2110 Farm products	3100 Rubber, plastics, and synthetic materials	4100 Food and kindred products

Code	Code
3000 Electrical and electronic equipment	6000 Metal, metal alloys
3630 Household appliances	5912 Drug stores and proprietary stores
3640 Electric heating and lighting	5920 Liquor store
3650 Electrical and electronic equipment and communication equipment	5930 Food and grocery stores
3660 Electrical and electronic equipment and accessories	
3698 Other electrical equipment	Finance, Insurance, and Real Estate
3710 Motor vehicles and equipment	Banking
3720 Transportation equipment, except aircraft	6000 Mutual savings banks
3730 Aircraft, powered motors and parts	6002 Mutual savings banks
3740 Aircraft, unpowered and related products	6003 Mutual savings banks and loaning
3750 Other transportation equipment	6004 Mutual savings banks and loaning
3760 Aircraft, unpowered and related products	6005 Mutual savings banks and loaning
3770 Aircraft, unpowered and related products	6006 Mutual savings banks and loaning
3780 Aircraft, unpowered and related products	6007 Mutual savings banks and loaning
3790 Aircraft, unpowered and related products	6008 Mutual savings banks and loaning
3800 Aircraft, unpowered and related products	6009 Mutual savings banks and loaning
3810 Aircraft, unpowered and related products	6010 Mutual savings banks and loaning
3820 Aircraft, unpowered and related products	6011 Mutual savings banks and loaning
3830 Aircraft, unpowered and related products	6012 Mutual savings banks and loaning
3840 Aircraft, unpowered and related products	6013 Mutual savings banks and loaning
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3860 Aircraft, unpowered and related products	6015 Mutual savings banks and loaning
3870 Aircraft, unpowered and related products	6016 Mutual savings banks and loaning
3880 Aircraft, unpowered and related products	6017 Mutual savings banks and loaning
3890 Aircraft, unpowered and related products	6018 Mutual savings banks and loaning
3900 Aircraft, unpowered and related products	6019 Mutual savings banks and loaning
3910 Aircraft, unpowered and related products	6020 Mutual savings banks and loaning
3920 Aircraft, unpowered and related products	6021 Mutual savings banks and loaning
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SCHEDULE M
(Form 5471)
(Rev. January 1985)
Department of the Treasury
Internal Revenue Service

**Foreign Corporation Controlled
by a United States Person**

OMB No. 1545-0704
Expires 11-30-88

▶ Attach to Form 5471.

Name of foreign corporation

Identifying number

Information furnished for foreign corporation's annual accounting period beginning 19 and ending 19
Important: The following information must be submitted on a separate Schedule M for each controlled foreign corporation. Amounts must be stated in U.S. dollars and all information must be in the English language.

(a) Transactions of foreign corporation	(b) U.S. person filing this return	(c) Any domestic corporation controlled by U.S. person filing this return	(d) Any foreign corporation controlled by U.S. person filing this return	(e) 10% or more U.S. shareholder of controlled foreign corporation (attach Form 5471 for each such shareholder)	(f) 10% or more U.S. shareholder of domestic corporation filing this return
1 Sales of stock in trade					
2 Sales of property rights (patents, trademarks, etc.)					
3 Compensation received for technical, managerial, engineering, construction, or like services					
4 Commissions received					
5 Rents, royalties, and license fees received					
6 Dividends received					
7 Interest received					
8 Premiums received for insurance or reinsurance					
9 Add lines 1 through 8					
10 Purchases of stock in trade					
11 Purchases of tangible property other than stock in trade					
12 Purchases of property rights (patents, trademarks, etc.)					
13 Compensation paid for technical, managerial, engineering, construction, or like services					
14 Commissions paid					
15 Rents, royalties, and license fees paid					
16 Dividends paid (exclude deemed distributions under subparts F and G) during:					
a First 60 days of foreign corporation's annual accounting period					
b Remainder of foreign corporation's annual accounting period					
17 Interest paid					
18 Add lines 10 through 17					

If an entry would be made in the above schedule except for the fact that no conversion was paid, indicate the category in which this has occurred.

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5471.

Schedule M (Form 5471) (Rev. 1-85)
U.S. GOV. PRINTING OFFICE: 1983-01-17/20072

SCHEDULE N
(Form 5471)
(Rev. January 1985)
Department of the Treasury
Internal Revenue Service

Foreign Personal Holding Company

▶ Attach to Form 5471.

OMB No. 1545-0704
Expires 11-31-87

Identifying number

Name of foreign corporation

Information furnished for foreign corporation's annual accounting period beginning 19 and ending 19
Important: All information must be in the English language AND all amounts must be stated in U.S. dollars.

To Be Completed By Officers, Directors, and Shareholders

Part I Section A—Outstanding Securities Convertible into Stock of the Corporation or Options Granted by the Corporation
(A complete detailed statement of conversion privileges must be attached)

Description of securities	Interest rate (%)	Face value	
		Beginning of year	End of year

Section B—List of Holders of Convertible Securities or Options Granted by the Corporation

Section 8. — LIST OF PROPERTY OR OTHER ASSETS OWNED BY THE TAXPAYER						
Name and address of each holder of convertible securities or options (designate nonresident aliens)	Class of securities	Securities held				Explanation and date of any changes in holdings of securities during year
		Beginning of year		End of year		
		Number	Face value	Number	Face value	

Part II Section A—Computation of Undistributed Foreign Personal Holding Company Income

1 Earnings and profits (line 20, Schedule C)	1
2 Adjustments (see instructions)	2
3 Taxable income (combine line 1 and line 2)	3
Additions	4
4 Contributions deducted on line 16, Schedule C	4
5 Excess of expenses and depreciation over income from property not allowable under section 556(b)(5) (attach schedule)	5
6 Deductions for taxes and payments to employees' pension trusts not allowable under section 556(b)(5)	6
7 Total additions (add lines 4 through 6)	7
Deductions	8
8 Contributions deductible under section 556(b)(2) (attach schedule—see instructions for limitation)	8
9 Taxes (see instructions)	9
10 Net operating loss for preceding tax year	10
11 Total deductions (add lines 8 through 10)	11
12 Line 3 plus line 7 less line 11	12
13 Deduction for dividends paid (Section B)	13
14 Undistributed foreign personal holding company income (Subtract line 13 from line 12)	14

Section B—Deduction for Dividends Paid (See Instructions)

15 Taxable dividends paid:	Date paid	Amount
(a) Cash		15(a)
(b) Property other than cash or the corporation's own securities (indicate nature of property)		15(b)
(c) Obligations of the corporation (bonds, notes, scrip, etc.)		15(c)
16 Consent dividends (attach schedule)		16
17 Deduction for dividends paid (add lines 15 and 16). Enter here and on line 13, Section A		17

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5471.

Schedule N (Form 5471) (Rev. 1-85)

SCHEDULE O
(Form 5471)
(Rev. January 1985)
Department of the Treasury
Internal Revenue Service

Organization or Reorganization of Foreign Corporation, and Acquisitions and Dispositions of Its Stock

OMB No. 1545-0704
Expires 11-30-88

▶ Attach to Form 5471. (See instructions for other filing requirements.)

Name of foreign corporation

Identifying number

Important: All information must be in the English language AND all amounts must be stated in U.S. dollars. Complete a separate Schedule O for each foreign corporation that must be reported.

Part I To Be Completed By Officers and Directors

(a) Name of shareholder	(b) Address	(c) Identifying number	(d) Date 1	(e) Date 2

Part II To Be Completed By Shareholders

Section A—General Shareholder Information

(a) Name of shareholder	(b) For shareholder's latest U.S. income tax return filed indicate:	(c) File 1041 if shareholder is an individual; file 1041-SS if shareholder is a trust; file 1041-C if shareholder is a corporation
	(1) Type of return	(2) Date return filed
	(3) Internal Revenue Service Center where filed	

If this return is required by reason of one or more shareholders becoming United States persons, attach a list showing the names of such persons and the date each became a United States person.

Section B—United States Persons Who Are Officers or Directors of the Foreign Corporation

(a) Name of officer or director	(b) Address	(c) Social security number	(d) Check appropriate box: Officer Director

Section C—Acquisition of Stock

(a) Name of shareholder acquiring stock	(b) Class of stock	(c) Date of acquisition	(d) Method of acquisition	(e) Number of shares acquired
				(1) Directly (2) Indirectly (3) Constructively

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5471.

Schedule O (Form 5471) (Rev. 1-85)

Schedule O (Form 5471) (Rev. 1-85)

Page 2

(a) Amount paid or value given	(b) Name and address of person from whom shares acquired

Section D—Disposition of Stock

(a) Name of shareholder disposing of stock	(b) Class of stock	(c) Date of disposition	(d) Method of disposition	(e) Number of shares disposed of
				(1) Directly (2) Indirectly (3) Constructively

(f) Amount received (g) Name and address of person to whom stock was disposed

Section E—Organization or Reorganization of Foreign Corporation

(a) Name and address of transferor	(b) Identifying number (if any)	(c) Date of transfer

List the date of any reorganization of the foreign corporation that occurred during the last 4 years while any U.S. person held 5% or more (directly or indirectly) of the foreign corporation's stock:

If the foreign corporation is a member of one or more groups constituting a chain of ownership, attach a chart indicating each unit of which a shareholder owns 5% or more of the stock, the foreign corporation's position in each chain of ownership, and the percentages of stock ownership.

Generally, to revoke this election for any tax year that starts within 9 tax years after the tax year for which the election takes effect, you need the Commissioner's consent. However, the Commissioner will consent to all requests for revocation that are made with respect to your first taxable year beginning after 1982, provided that you agree not to re-elect section 936(a) prior to your first taxable year beginning after 1988. This can be done by

This form must be signed by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as tax officer) who is authorized to sign.

Name of country (1)	Targeting identifying number of person(s) having operations (2)	Code (3)	Principal business activity Description (4)	IC, WTC, and/or Total personnel value (5)
a				
b				
c				
d				
e				
f				
g				
h				
i				
j				
k				
l				
m				
n				
o				
p				
q				
r				
s				
t				
u				
v				
w				
x				
y				
z				

When you report on behalf of a trust as its owner under section 513, report the trust's name, address, and the name of the person or persons who are the beneficiaries of the trust. If you are a member of a controlled group of corporations, the name of the corporation is the name of the trust. If you are a member of a controlled group of corporations, the name of the corporation is the name of the trust.

(a) the operations, boycott requests, and boycott participation of each corporation in the group of any trust of which you are a member, as shown on the return for each year ending with or within the common taxable year that ends with or within your tax year (see instruction 6);

(b) the operations, boycott requests, and boycott participation of each corporation in the group of any trust of which you are a member, as shown on the return for each year ending with or within the common taxable year that ends with or within your tax year (see instruction 6);

(c) the operations, boycott requests, and boycott participation of each corporation in the group of any trust of which you are a member, as shown on the return for each year ending with or within the common taxable year that ends with or within your tax year (see instruction 6);

The effect of these reporting requirements is that the answers to questions 7-13 generally are identical for each member of the controlled group. If you are a member of a controlled group, you must report the same information as the other members of the group.

Example.—Assume that Corporations A, B, and C are members of a controlled group. Corporation A is the common parent and no common taxable year election is made. Corporations A, B, and C report on the basis of a calendar year. Corporation D reports on the basis of a July 1-June 30 taxable year. Corporation E reports on the basis of a January 1-December 31 taxable year. The answers to questions 7-13 on the Form 5713 filed by Corporations A, B, and C are the same as the answers to questions 7-13 on the Form 5713 filed by Corporation D for the 1985 tax year, the answers to questions 7-13 on the Form 5713 filed by Corporation E for the 1986 tax year, and the answers to questions 7-13 on the Form 5713 filed by Corporation F for the 1987 tax year.

on the Form 5713 (and its Corporation D) for its tax year ending June 30, 1986, will be identical to those on the Form 5713 filed by Corporations A, B, and C for their taxable year ending December 31, 1985. Thus, the answers to questions 7-13 on the Form 5713 filed by Corporation D for its tax year ending June 30, 1986, will be identical to those on the Form 5713 filed by Corporations A, B, and C for their taxable year ending December 31, 1985. The answers to questions 7-13 on the Form 5713 filed by Corporation E for its tax year ending June 30, 1986, will be identical to those on the Form 5713 filed by Corporations A, B, and C for their taxable year ending December 31, 1986.

Part I.—Operations in or Related to Boycotting Country

8. Boycott of Israel.—Question 8 concerns boycotts in or related to countries on the list in column (1) of the table below. The boycott of Israel (or with the governments, companies, or individuals of each country) is a separate line for separate operations by the same person in the same country.

Column (2).—Enter the taxpayer identifying number of the person requesting the boycott or having the agreement.

Column (3).—Enter a brief description of the principal business activity code number (see page 4) of the person requesting the boycott or having the agreement.

Column (4).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (5).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (6).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (7).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (8).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (9).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (10).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (11).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Part II.—Requests for and Acts of Participation in or Cooperation with an International Boycott

13a.—Check "Yes" for any requests received or agreements entered into or continuing in effect during the period covered by the report with respect to any international boycott not included in instruction 12. If no requests were received and no agreements entered into or continuing in effect, enter "No."

13b.—Check "Yes" for each country, each person, and each type of participation or cooperation, but do not use separate lines for similar types of participation or cooperation by the same person in the same country.

Column (2).—Enter the taxpayer identifying number of the person requesting the boycott or having the agreement.

Column (3).—Enter a brief description of the principal business activity code number (see page 4) of the person requesting the boycott or having the agreement.

Column (4).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (5).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (6).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (7).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (8).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (9).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (10).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (11).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (12).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (13).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Column (14).—Enter a brief description of the principal business activity code number (see page 4) of the person having the agreement.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System published by the Department of Commerce, Office of Economic Analysis, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify, integrate, and identify the types of activity in which they are engaged.

AGRICULTURE, FORESTRY, AND FISHING

Code 0000 Agricultural production, forestry, fishing, hunting, and trapping.

Code 1000 Mining.

Code 2000 Manufacturing.

Code 3000 Wholesale and retail trade.

Code 4000 Transportation and communication.

Code 5000 Finance, insurance, and real estate.

Code 6000 Services.

Code 7000 Government.

Code 8000 Education and health.

Code 9000 Other.

Code 0000 Agricultural production, forestry, fishing, hunting, and trapping.

Code 1000 Mining.

Code 2000 Manufacturing.

Code 3000 Wholesale and retail trade.

Code 4000 Transportation and communication.

Code 5000 Finance, insurance, and real estate.

Code 6000 Services.

Code 7000 Government.

Code 8000 Education and health.

Code 9000 Other.

Code 0000 Agricultural production, forestry, fishing, hunting, and trapping.

Code 1000 Mining.

Code 2000 Manufacturing.

Code 3000 Wholesale and retail trade.

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Codes for Principal Business Activity

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Code 4000 Transportation and communication.

Code 5000 Finance, insurance, and real estate.

Code 6000 Services.

Code 7000 Government.

Code 8000 Education and health.

Code 9000 Other.

Code 0000 Agricultural production, forestry, fishing, hunting, and trapping.

Code 1000 Mining.

Code 2000 Manufacturing.

Code 3000 Wholesale and retail trade.

Code 4000 Transportation and communication.

Code 5000 Finance, insurance, and real estate.

Code 6000 Services.

Code 7000 Government.

Code 8000 Education and health.

Code 9000 Other.

Code 0000 Agricultural production, forestry, fishing, hunting, and trapping.

Code 1000 Mining.

Code 2000 Manufacturing.

Code 3000 Wholesale and retail trade.

Code 4000 Transportation and communication.

Code 5000 Finance, insurance, and real estate.

Code 6000 Services.

Code 7000 Government.

SCHEDULE A (Form 5713) (Rev. January 1986)

Computation of the International Boycott Factor (Section 999(c)(1))

(To be completed only by persons not computing less of tax benefits by the specifically attributable taxes and income method on Schedule B (Form 5713).)

OMB No. 1545-0216
EPRR 10-11-86

Attach to Form 5713. See instructions on back.

Name of country being boycotted (check one)

☐ Israel ☐ Other (identify)

Name of country

Boycott factor

Boycott factor

Boycott factor

Boycott factor

Boycott factor

Boycott factor

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General Instructions

(References are to the Internal Revenue Code.)

A. Purpose.—Complete Schedule A (Form 5713) if you cooperated with or participated in an international boycott and use the international boycott factor to figure the loss of tax benefits. If you do not use the international boycott factor for this purpose, you must specifically attribute taxes and income on Schedule B (Form 5713).

B. Who Must File.—Anyone who cooperates with or participates in an international boycott must file either this Form or Schedule B (Form 5713) to figure the loss of tax benefits. One act of cooperation or participation creates the presumption that you cooperate with or participate in the boycott unless you rebut the presumption as explained in instruction C. The presumption applies to all your operations and those of each member of any controlled group (as defined in section 993(a)(3)) to which you belong, in each country that helps carry out the boycott.

C. Boycott Operations.—All your operations in a boycotting country are considered to be boycott operations, unless you rebut the presumption of cooperating with or participating in the boycott, as explained below. In addition, your operations in a boycotting country that are not in operations if they are connected to your cooperation with or participation in the boycott.

You can rebut the presumption of cooperating with or participating in a boycott for a particular operation by demonstrating that that operation is separate from any cooperation with or participation in an international boycott. The presumption applies only to operations in countries that carry out the boycott, so you do not need to rebut the presumption for operations that are not in countries that carry out the boycott. This list may not be all-inclusive.

D. International Boycott Factor.—Your international boycott factor reflects boycott purchases, boycott sales, and boycott profits.

1. Controlled Groups.—All members of a controlled group

General Instructions

(References are to the Internal Revenue Code.)

A. Purpose.—Complete Schedule A (Form 5713) if you cooperated with or participated in an international boycott and use the international boycott factor to figure the loss of tax benefits. If you do not use the international boycott factor for this purpose, you must specifically attribute taxes and income on Schedule B (Form 5713).

B. Who Must File.—Anyone who cooperates with or participates in an international boycott must file either this Form or Schedule B (Form 5713) to figure the loss of tax benefits. One act of cooperation or participation creates the presumption that you cooperate with or participate in the boycott unless you rebut the presumption as explained in instruction C. The presumption applies to all your operations and those of each member of any controlled group (as defined in section 993(a)(3)) to which you belong, in each country that helps carry out the boycott.

C. Boycott Operations.—All your operations in a boycotting country are considered to be boycott operations, unless you rebut the presumption of cooperating with or participating in the boycott, as explained below. In addition, your operations in a boycotting country that are not in operations if they are connected to your cooperation with or participation in the boycott.

You can rebut the presumption of cooperating with or participating in a boycott for a particular operation by demonstrating that that operation is separate from any cooperation with or participation in an international boycott. The presumption applies only to operations in countries that carry out the boycott, so you do not need to rebut the presumption for operations that are not in countries that carry out the boycott. This list may not be all-inclusive.

D. International Boycott Factor.—Your international boycott factor reflects boycott purchases, boycott sales, and boycott profits.

1. Controlled Groups.—All members of a controlled group

generally share one international boycott factor, which reflects all their purchases, sales, and profits. If you, however, belong to two or more controlled groups, your international boycott factor will reflect the purchases, sales, and profits of all the controlled groups to which you belong, in each country that helps carry out the boycott.

2. Partnerships and Trusts.—You are deemed to have a prorated share of the purchases, sales, and profits of each partnership in which you are a partner and of each trust of which you are a trustee or owner under section 671. Thus, your international boycott factor may also reflect purchases, sales, and profits of partnerships and trusts.

Specific Instructions

Compute a separate boycott factor and fill out a separate schedule for each partnership or trust with which you cooperate or participate. Include your own operations and, if applicable, the operations of partnerships, trusts, and members of your controlled group.

To decide for what years you should report purchases, sales, and profits for partnerships, trusts, and controlled groups, see the specific instructions for questions 7-13 of Form 5713.

Partnerships.—For a partnership, complete only lines 1 through 4, and lines 6 through 10. For a trust, complete only lines 1 through 4, and lines 6 through 10. For a partnership or trust that is not a controlled group, complete only lines 1 through 4, and lines 6 through 10. For a partnership or trust that is a controlled group, complete only lines 1 through 4, and lines 6 through 10.

Column (1).—For each boycott operation enter the name of the country to which your international boycott operation relates. For example, if you have an operation in Country X, which is not a boycotting country, and the operation relates to Country Y, which is a boycotting country, enter the name of Country Y. The Secretary maintains a list, under section 999(a)(3), of countries that require cooperation with an international boycott. This list may not be all-inclusive.

Column (2).—For each boycott operation enter all purchases that are attributable to that operation and are made from boycotting countries.

Column (3).—For each boycott operation enter the sales that are attributable to that operation and are made to or from boycotting countries.

Column (4).—For each boycott operation enter the total boycott factor that is attributable to that operation and is paid or accrued for services performed in boycotting countries.

Line 1.—Add columns (2), (3), and (4). The denominator of your international boycott factor includes all of the following:

(i) Purchases you made from boycotting countries.

(ii) Sales you made to or from boycotting countries.

(iii) Payroll you paid or accrued for services performed in boycotting countries.

Do not include amounts attributable to operations for which you rebutted the presumption of cooperating with or participating in the boycott.

Line 2.—The denominator of your international boycott factor reflects all your purchases, sales, and profits or related to all countries other than the United States. If applicable, the denominator also reflects these items for your controlled groups, partnerships, and trusts. Include here the amounts that are attributable to operations for which you rebutted the presumption of cooperating with or participating in the boycott.

Line 3.—Enter the international boycott factor from line 3 of this form on the appropriate line of Schedule C (Form 5713) as follows:

If you reduce your foreign tax credit (section 908(a)), enter the international boycott factor on line 2a(2) of Schedule C.

If you are denied a tax deferral on support income (section 952(a)(3)), enter the international boycott factor on line 3a(4) of Schedule C.

If you are denied a tax deferral on income (section 952(a)(3)), enter the international boycott factor on line 3a(4) of Schedule C.

If you are denied an exemption of foreign trade income of a FSC (section 922(e)(2)), enter the international boycott factor on line 5a(2) of Schedule C.

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If you are denied an exemption of foreign trade income of a FSC (section 922(e)(2)), enter the international boycott factor on line 5a(2) of Schedule C.

1 Numerator of boycott factor (add totals of columns (2), (3), and (4))

2 Denominator of boycott factor

3 Total purchases from countries other than United States

4 Total sales to or from countries other than United States

5 Total payroll paid or accrued for services performed in countries other than United States

6 Total of lines 2b, b, and c.

7 International boycott factor (divide line 1 by line 2) Enter here and on Schedule C (Form 5713) (see instructions).

If you are involved in more than one boycott, use a separate Schedule A for each boycott and attach to Form 5713.

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5713.

Schedule A (Form 5713) (Rev. 1-86)

SCHEDULE B
(Form 5713)
(Rev. January 1996)
Department of the Treasury
Internal Revenue Service

Specifically Attributable Taxes and Income (Section 999(c)(2))
(To be completed only by persons not computing loss of tax benefits by the international boycott factor on Schedule A (Form 5713).)
▶ Attach to Form 5713. ▶ See instructions on back.

OMB No. 1545-0216
Expires 10-31-98

Name of country being boycotted ☐ Israel ☐ Other (Identify) ▶ Taxpayer identifying number

Specifically Attributable Taxes and Income by Operation (Use a separate line for each operation.)

Name of country	Principal business activity	Foreign tax credit	Support F income	IC-DISC income	FSC income
(1)	(2)	(3)	(4)	(5)	(6)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15 Total					

If you are involved in more than one international boycott, use a separate Schedule B (Form 5713) to compute the specifically attributable taxes and income for each boycott.

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5713. Schedule B (Form 5713) (Rev. 1-96)

General Instructions

A. Purpose.—Complete Schedule B (Form 5713) if you participated in or cooperated with an international boycott and if you figure the loss of tax benefits by specifically attributing taxes and income for this purpose, you must compute the international boycott factor on Schedule A (Form 5713).

B. Who Must File.—Anyone who participates in or cooperates with an international boycott must file either this form or Schedule A (Form 5713) to figure the loss of tax benefits. One act of participation or cooperation creates the presumption that you participate in or cooperate with the boycott unless you rebut the presumption as explained in instruction C. The presumption applies to all your operations, and those of each member of any controlled groups (defined in section 993(a)(3)) to which you belong in each country that helps carry out the boycott.

C. Certain shareholders.—IC-DISC benefits, certain FSC benefits, the "deemed paid" tax credit under section 902, and the deferral of support F income are lost at the shareholder level. Shareholders in an IC-DISC, certain FSCs or a foreign corporation must report their prorated share of the tax benefits. The details of these benefits are discussed in the specific instructions for columns (4) through (7).

C. Boycott Operations.—All your operations in a boycotting country are considered to be boycott operations, unless you rebut the presumption of participation in or cooperation with the boycott, as explained below. In addition, operations that are not in a boycotting country are boycott operations if they are connected to your participation in or cooperation with the boycott.

You can rebut the presumption of participation in or cooperation with a boycott for a particular operation by demonstrating that operation is separate from any participation in or cooperation with an international boycott. The presumption applies only to operations in countries that carry out the boycott, so you do not need to rebut the presumption for operations that are related to those countries, but that take place outside them.

Specific Instructions

File Schedule B (Form 5713) for the period covered by your income tax return. Report only your own taxes and income; do not include other members of any controlled groups to which you belong.

Column (1).—For each boycott operation enter the name of the country to which your international boycott operation relates. For example, if you have an operation in Country X, which is not a boycotting country, and the operation relates to Country Y, which is a boycotting country, enter the name of Country Y. The Secretary maintains a list, under section 999(a)(3), of countries that require cooperation with an international boycott, but this list may not be all inclusive.

Column (2).—For each boycott operation enter the principal business activity code. Page 4 of the Instructions for Form 5713 lists the codes.

Column (3).—For each boycott operation enter the product code and description in parentheses. The Instructions for Schedule B of Form 1120-IC-DISC list the codes.

Column (4).—For each boycott operation enter the foreign taxes that are paid, accrued, or deemed paid and are attributable to the boycott operation. These taxes are not eligible for the foreign tax credit. Do not foreign taxes otherwise disallowed under sections 901, 907, 911, or 603B. For more information see Part III of the Treasury Department's International Boycott Guidelines.

Enter the column (4) total on line 2b, Schedule C (Form 5713).

Column (5).—For each boycott operation enter your prorated share of the controlled foreign corporation's income that is attributable to the boycott operation. (This includes your share of the section 923(a)(2) non-exempt income of a FSC.) This amount is not eligible for tax deferral. Omit the foreign corporation's income attributable to earnings and profits that are included in gross income under section 951 (except by reason of section 952(a)(3)). Also omit amounts excluded from support F income by section 952(b). In figuring the amount to enter in column (5), you are allowed a reasonable amount for deductions (including foreign taxes) allocable to that income.

Enter the column (5) total on line 3b, Schedule C (Form 5713).

Column (6).—An IC-DISC's taxable income attributable to boycott operations is not eligible for deferral. If you are a shareholder in an IC-DISC, follow these steps for each boycott operation and enter the result in column (6): Add the amount deemed distributed for the tax year under subparagraphs (A), (B), (C), (D), and (E) of section 995(b)(1). Subtract this total from the IC-DISC's taxable income attributable to the boycott operation for the tax year, before reduction for any distributions. If you are a corporation, prorate your share of the remainder and multiply by 16/17. If you are not a corporation, prorate your share of the remainder. Enter the result in column (6). Enter the column (6) total on line 4b, Schedule C (Form 5713).

Column (7).—A FSC's taxable income attributable to boycott participation or cooperation is not eligible for exemption from income tax. Enter in column (7) the amount of taxable income attributable to foreign trade income of a FSC that would have been exempt if there had not been boycott participation or cooperation for each boycott operation.

Enter the column (7) total on line 5b, Schedule C (Form 5713).

SCHEDULE C
(Form 5713)
(Rev. January 1996)
Department of the Treasury
Internal Revenue Service

Tax Effect of the International Boycott Provisions
▶ Attach to Form 5713.
▶ For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5713.

OMB No. 1545-0216
Expires 10-31-98

Name Taxpayer identifying number

1 Method used in computing loss of tax benefits under sections 908(a), 952(a)(3), 995(b)(1)(F)(ii) and 927(e)(2) (check one):
a International boycott factor from Schedule A (Form 5713). See items 2a, 3a, 4a, and 5a below. ☐
b Identification of specifically attributable taxes and income from Schedule B (Form 5713). See items 2b, 3b, 4b, and 5b below. ☐

2 Reduction of foreign tax credit (section 908(a)).
a International boycott factor. Complete if you checked box 1(a) above and answered "Yes" to foreign tax credit question on line 7d, Form 5713—
(1) Foreign tax credit before adjustment (line 6, Part III, Schedule B, Form 1118 (Rev. Oct. 1985) (corporations) or line 5, Part IV, Form 1116 (1985) (individuals))

(2) International boycott factor (from Schedule A (Form 5713), line 3).

(3) Reduction of foreign tax credit (multiply line 2a(1) by line 2a(2). Enter here and on line 7, Part III, Schedule B, Form 1118 (corporations) or on line 6, Part IV, Form 1116 (individuals)).

(4) Adjusted foreign tax credit (subtract line 2a(3) from line 2a(1)).

b Specifically identifying taxes and income. Complete if you checked box 1b above and answered "Yes" to foreign tax credit question on line 7d, Form 5713. Enter the amount from line 15, column (4), Schedule B (Form 5713). Enter the appropriate part of this amount on line 3, Part II, Schedule B, of all applicable Forms 1118 (corporations) or on line 4, Part III, of all applicable Form(s) 1116 (individuals).

3 Denial of deferral under subpart F (section 952(a)(3)).
a International boycott factor. Complete if you checked box 1a above and answered "Yes" to controlled foreign corporation question on line 7b, Form 5713—
(1) Prorated share of total income of controlled foreign corporations (See instructions.)

(2) Prorated share of income attributable to earnings and profits of controlled foreign corporations included in income under sections 951(a)(1)(A)(i), 951(a)(1)(A)(ii), 951(a)(1)(B), 952(a)(1), 952(a)(2), 952(a)(4), and 952(b)

(3) Subtract line 3a(2) from line 3a(1)

(4) International boycott factor (from Schedule A (Form 5713), line 3)

(5) Prorated share of subpart F international boycott income (multiply line 3a(3) by line 3a(4). Enter here and on line 5, Worksheet A, contained in the Instructions for Form 5471

b Specifically identifying taxes and income. Complete if you checked box 1b above and answered "Yes" to IC-DISC question on line 7c, Form 5713. Enter the amount from line 15, column (6), Schedule B (Form 5713). Also enter this amount on the appropriate line of Schedule J, Form 1120-IC-DISC.

4 Denial of IC-DISC benefits (section 995(b)(1)(F)(ii)).
a International boycott factor. Complete if you checked box 1a above and answered "Yes" to IC-DISC question on line 7c, Form 5713—
(1) Prorated share of section 995(b)(1)(F)(ii) amount (see instructions)

(2) International boycott factor (from Schedule A (Form 5713), line 3)

(3) Prorated share of IC-DISC international boycott income (multiply line 4a(1) by line 4a(2). (See instructions.)

b Specifically identifying taxes and income. Complete if you checked box 1b above and answered "Yes" to IC-DISC question on line 7c, Form 5713. Enter the amount from line 15, column (6), Schedule B (Form 5713). Also enter this amount on the appropriate line of Schedule J, Form 1120-IC-DISC.

Schedule C (Form 5713) (Rev. 1-96)

Instructions

(Section references are to the Internal Revenue Code.)

5 Denial of exemption of foreign trade income (section 927(e)(2)).

a International boycott factor. Complete if you checked box 1a above and answered "Yes" to FSC question on line 7i, Form 5713.

(1) Add amount from columns (a) and (b), line 10, Schedule B (Form 1120-FSC).

(2) International boycott factor (from Schedule A (Form 5713), line 3)

(3) Exempt foreign trade income of a FSC attributable to international boycott operations (multiply line 5a(1) by line 5a(2). Enter here and on line 1, Schedule F (Form 1120-FSC).

b Specifically attributable taxes and income. Complete if you checked box 1b above and answered "Yes" to question on line 7i, Form 5713. Enter amount from line 15, column (7), Schedule B (Form 5713). Also enter this amount on line 1, Schedule F (Form 1120-FSC).

Instructions

(Section references are to the Internal Revenue Code.)

5 Denial of exemption of foreign trade income (section 927(e)(2)).

a International boycott factor. Complete if you checked box 1a above and answered "Yes" to FSC question on line 7i, Form 5713.

(1) Add amount from columns (a) and (b), line 10, Schedule B (Form 1120-FSC).

(2) International boycott factor (from Schedule A (Form 5713), line 3)

(3) Exempt foreign trade income of a FSC attributable to international boycott operations (multiply line 5a(1) by line 5a(2). Enter here and on line 1, Schedule F (Form 1120-FSC).

b Specifically attributable taxes and income. Complete if you checked box 1b above and answered "Yes" to question on line 7i, Form 5713. Enter amount from line 15, column (7), Schedule B (Form 5713). Also enter this amount on line 1, Schedule F (Form 1120-FSC).

Other member determines its own loss of tax benefits by identifying specifically attributable taxes and income.

Thus, a person who applies the international boycott factor to one operation must apply the factor to all that tax year's operations under section 908(a), 952(a)(3), 995(b)(1)(F)(ii) or 927(e)(2).

A person who identifies specifically attributable taxes and income under section 999(c)(2) must use that method for all that tax year's operations under section 908(a), 927(e)(2), 952(a)(3), or 995(b)(1)(F).

An IC-DISC whose tax year differs from the common taxable year of the controlled group of which it is a member does not need to amend its return to show on Schedule J (Form 1120-IC-DISC) the amount of IC-DISC benefits lost because of boycott participation. Since the IC-DISC benefits are lost at the shareholder level, the shareholder must include in

income the prorated share of income attributable to boycott operations shown on line 4a(3).

Line 3a(1).—Enter your share of the income of the controlled foreign corporation on line 3a(1).

Non-exempt foreign trade income of a foreign sales corporation (FSC) that was computed without regard to the administrative pricing rules is subject to the subpart F rules. Enter your share of these types of income on line 3a(1).

Line 4a(1).—Prorated share of section 995(b)(1)(F)(ii) amount.—A noncorporate shareholder enters its share of the earnings and profits of the IC-DISC reduced by its share of the distributions under sections 995(b)(1)(A), (B), (C), (D), and (E) on line 4a(1). A corporate shareholder takes its share of the earnings and profits of the IC-DISC and reduces it by the distributions under sections 995(b)(1)(A), (B), (C), (D), and (E). It multiplies this amount by 16/17 and enters the result on line 4a(1).

U.S. GOVERNMENT PRINTING OFFICE: 1995-471-471/2007

Form 8805		Foreign Partner's Information Statement of Section 1446 Withholding Tax		OMB No. 1545-1119 Expires 7-31-92
(Rev. 06-1989)				Copy to: Internal Revenue Service
Duplicate of U.S. Treasury Department Form. 1 Foreign partner's name, address (number and street), city, province or state, postal code, and country.		See separate instructions for Form 8804, 8805, and 8813. For additional information see 15 other tax forms beginning with "8".		Attach to Form 8804. ending 15
2a U.S. identifying number of foreign partner subject to withholding.		6 Partner's principal U.S. employer identification number.		
3 Type of partner: <input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership Other (specify) _____		7a Withholding agent's name (if partnership is also the withholding agent, enter "SAME," and do not complete line 7b).		
4 County code of partner (see listing of codes in the Instructions).		b Withholding agent's U.S. identifying number.		
8a Check if the partnership identified on line 5 owns an interest in one or more partnerships.				<input type="checkbox"/>
8b Check if the partnership income is exempt from U.S. tax with respect to this partner.				<input type="checkbox"/>
9 Partnership's effectively connected taxable income allocable to partner for the tax year:				9
10 Enter the applicable tax rate—28 (nontax-exempt partnership); 34 (corporate partner);				10
11 Terrestrial section 1446 tax liability (multiply line 9 by line 10).				11
12a Total amount due for terrestrial section 1446 tax liability, plus 2% per annum interest on the unpaid balance of the tax liability for each month after the date of payment.				12a
b Allocable share of section 1446(a)(1) tax liability.				12b
c Estimated tax paid by the partnership on behalf of this partner without using Rev. Proc. 88-21 reporting rules.				12c
13 Total amounts shown of section 1446(a)(1) tax liability (add lines 12a through 12c).				13
14a Section 1446 tax payments (by the partnership) allocable to partner.				14a
b Total section 1446 tax payments allocable to partner (add the amount columns in line 14a).				14b
c Allocable share of section 1446 tax paid or withheld by another partnership in which the partnership on line 5 was a partner during the tax year.				14c
d Allocable share of section 1446 payment made by the partnership with Form 8804.				14d
15 Total tax creditation by partner under section 1446 (add lines 14b through 14d) (individual and corporate partners). Claim this amount as a credit against your U.S. income tax on Form 1040 (or 1120F).				15
For Paperwork Reduction Act Notice, see separate Instructions for Forms 8804, 8805, and 8813.				
Form 8805 (rev.)				

Form 8813 (Effective 1989) Department of the Treasury Internal Revenue Service	Partnership Withholding Tax Payment (Section 1446) ▶ See separate instructions for Forms 8804, 8805, and 8813.	OMB No. 1545-1119 Expires 7-31-92
For calendar year 19 <input type="text"/> or other tax year beginning 19 <input type="text"/> ending 19 <input type="text"/>		
1 PARTNERSHIP'S name, address, and ZIP code (if a foreign address, see the instructions)		2 Partnership's U.S. employer identification number
3 Amount of this payment		3 <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

For Paperwork Reduction Act Notice, see separate instructions for Forms 8804, 8805, and 8813.

STATISTICS OF INCOME DIVISION PUBLICATIONS AND TAPES

Statistical Information Services Desk

(202) 874-0410

FAX (202) 874-0922

The following Statistics of Income reports and tapes can be purchased from the Statistics of Income Division (unless otherwise indicated). Prepayment is required, with checks made payable to the IRS Accounting Section. For copies from the Statistics of Income Division, please write:

Director, Statistics of Income Division (R:S)
Internal Revenue Service
P.O. Box 2608
Washington, DC 20013-2608

BUSINESS SOURCE BOOKS:

- **Corporation Source Book, 1988, Publication 1053 -- Price \$175.00**
This 481-page document presents detailed income statement, balance sheet, tax and selected items, by major and minor industries and size of total assets. The report, which underlies the *Statistics of Income--Corporation Income Tax Return* publication, is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150 per year). A magnetic tape containing the tabular statistics for 1988 can be purchased for \$1,500.
- **Partnership Source Book, 1957-1983, Publication 1289 -- Price \$30.00**
This 291-page document shows key partnership data, for 1957 through 1983, by major and minor industries. It includes a historical definition of terms section and a summary of legislative changes affecting the comparability of partnership data during that period. Tables show:
 - o Number of partnerships
 - o Number of partners
 - o Business receipts
 - o Depreciation
 - o Taxes paid deductions
 - o Interest paid deductions
 - o Payroll
 - o Payments to partners
 - o Net income less deficits

(A magnetic tape containing the tabular statistics for partnerships can be purchased for \$300 from the National Technical Information Service, U.S. Department of Commerce, Springfield, VA 22161.) More recent partnership data are published annually in the *Statistics of Income Bulletin*.

• Sole Proprietorship Source Book, 1957-1984, Publication 1323 -- Price \$95.00

This *Source Book* is a companion to that for partnerships, described above. It is a 251-page document showing key proprietorship data for 1957 through 1984, data for farm proprietorships are excluded after 1981. Each page presents statistics for a particular industry. Tables show:

- o Number of businesses
- o Business receipts
- o Depreciation
- o Taxes paid deductions
- o Interest paid deductions
- o Payroll deductions
- o Net income less deficits

Form 8805
Line 8b
Check the box on this line if any of the partnership's effectively connected taxable income is treated as not allocable to the foreign partner identified on line 1 and therefore exempt from section 1446 withholding, because the income is exempt from U.S. tax with respect to that foreign partner by a treaty, reciprocal exemption, or a provision of the Internal Revenue Code.

Line 12a
The partnership must enter the partner's allocable share of the total section 1446(a) tax withheld, as entered on line 5d, Form 8804.

Line 12b
Enter on line 12b the partner's allocable share of the section 1446(a)(1) tax withheld and entered by the partnership on line 5e, Form 8804.

Line 14a
Enter the date and the partner's allocable share of the section 1446 payments made for the tax year by the partnership during the tax year or with Form 2758.

Line 14c
The partnership filing this Form 8805 must enter the partner's allocable share of the amount entered on line 5c, Form 8804.

Partnership effectively connected taxable income on which a foreign partner is exempt from U.S. tax by a treaty or other reciprocal agreement is deemed not to be allocable to that partner and is exempt from withholding under section 1446. However, this exemption from section 1446 withholding must be reported on Form 8805.

Line 5c
A foreign partnership must enter the amount of section 1446 tax shown as recoveries from another partnership in which it owns an interest during its tax year. The partnership may credit this amount against its section 1446 liability for that tax year.

Line 5d
This is applicable only to partnerships that are treated as foreign persons and subject to withholding under section 1445(a) upon the disposition of a U.S. real property interest. Enter amount of section 1445(a) tax shown on Form 8288-A or under Income Code 25 on Form 1042S received by the partnership. This amount is creditable against the partnership's section 1446 liability for the tax year in which the partnership disposed of the U.S. real property interest that gave rise to the section 1445(a) withholding.

Line 5e
This is applicable to domestic partnerships that have withheld tax under section 1445(e)(1). Compliance with section 1446 will satisfy a domestic partnership's withholding obligation under section 1445(e)(1). However, a partnership that has withheld and paid over any tax under section 1445(e)(1) during a taxable year beginning after December 31, 1987, may credit such amounts against the partnership's section 1446 withholding liability for its tax year in which the section 1445(e)(1) tax was withheld. A domestic partnership must enter amounts withheld under section 1445(e)(1) on line 5e of Form 8804. Note: No credit will be allowed for amounts withheld under section 1445(e)(1) after June 14, 1989.

Line 6f
A partnership that prior to June 15, 1989, made estimated tax payments on behalf of its foreign partners with respect to partnership income for partnership tax years beginning after December 31, 1987, instead of making payments in accordance with Rev. Proc. 88-21, 1988-1 C.B. 777 (declared obsolete by Rev. Proc. 89-31), may credit such payments against the partnership's section 1446 liability for the same tax year. Enter on line 6f of Form 8804 these amounts paid by the partnership.

Line 8
No refund may be claimed on line 8 for payments made in excess of the section 1446 tax owed, because the partners are entitled to credit against their income tax liabilities for the full amount paid.

WORKSHEET TO FIGURE INSTALLMENT PAYMENTS OF SECTION 1446 TAX FOR A FOREIGN PARTNER
(Keep for Your Records--Do Not Send to Internal Revenue Service)

	Period			
	(a) 1st Installment	(b) 2nd Installment	(c) 3rd Installment	(d) 4th Installment
(1) Enter the partnership's effectively connected taxable income for each period.	1	2	3	4
(2) Annualization amounts	1	4	2	1.3333
(3) Multiply line 1 by line 2	3			
(4) Enter the partnership's effectively connected taxable income for each period.	4	4	2.4	1.5
(5) Annualization amounts	5		1.5	1.0909
(6) Multiply line 4 by line 5	6			
(7) Annualized effectively connected taxable income. In column (a), enter the amount from line 6, column (b), (c), and (d) enter the lesser of the amounts in each column on line 3 or line 6	7			
(8) Foreign partner's annualized effectively connected taxable income. Enter the foreign partner's share of line 7	8			
(9) Multiply line 8 by 28% (34% if the foreign partner is a corporation)	9			
(10) Applicable percentage	10	22.5%	45%	67.5%
(11) Multiply line 9 by line 10	11			
(12) Enter the combined amounts of line 13 from all preceding columns	12			
(13) Installment payments of section 1446 tax due for foreign partner. Subtract line 12 from line 11. If less than zero, enter zero	13			

Country	Code	Country	Code	Country	Code
Afghanistan	AF	French Polynesia	FP	Niger	NI
Albania	AL	French Southern and Antarctic Lands	FS	Nigeria	NE
Algeria	AG	Gabon	GB	Norfolk Island	NI
American Samoa	AO	Gambia, The	GA	North Macedonia	NC
Angola	AO	Gaza Strip	GS	Northern Mariana Islands	NC
Argentina	AR	Germany, Democratic Republic (East)	GD	Oman	OM
Antigua and Barbuda	AC	Germany, Federal Republic of (West)	GR	Pakistan	PK
Aruba	AA	Ghana	GH	Panama	PA
Australia	AS	Gibraltar	GI	Papua New Guinea	PG
Austria	AT	Guadalupe	GU	Paraguay	PR
Bahamas, The	BS	Guatemala	GT	Peru	PE
Bahrain	BB	Guinea	GN	Philippines	PH
Bangladesh	BD	Guinea-Bissau	GB	Pitcairn Islands	PN
Barbados	BB	Haiti	HT	Poland	PL
Basin de la India	BI	Heard Island and McDonald Islands	HM	Portugal	PT
Belgium	BE	Honduras	HO	Puerto Rico	PR
Belize	BE	Hong Kong	HK	Reunion	RE
Benin	BN	Hungary	HU	Romania	RO
Bermuda	BO	Iceland	IS	Rwanda	RW
Bhutan	BT	India	IN	St. Kitts and Nevis	SK
Bolivia	BO	Indonesia	ID	St. Lucia	SL
Bonaire	BO	Iran	IR	St. Pierre and Miquelon	SP
Brazil	BR	Iraq, Saudi Arabia Neutral Zone	IZ	St. Vincent and the Grenadines	SV
British Indian Ocean Territory	BIOT	Ireland	IE	St. Vincent and the Grenadines	SV
Burkina Faso (Upper Volta)	BF	Israel	IL	St. Vincent and the Grenadines	SV
Burma	BM	Italy	IT	St. Vincent and the Grenadines	SV
Burundi	BU	Jamaica	JM	St. Vincent and the Grenadines	SV
Cambodia (Kampuchea)	CB	Jarvis	JA	St. Vincent and the Grenadines	SV
Canada	CA	Johnston Atoll	JO	St. Vincent and the Grenadines	SV
Cape Verde	CV	Jordan	JO	St. Vincent and the Grenadines	SV
Cayman Islands	CI	Juan de Nova Island	JN	St. Vincent and the Grenadines	SV
Central African Republic	CF	Kenya	KE	St. Vincent and the Grenadines	SV
Chad	CD	Kingman Reef	KR	St. Vincent and the Grenadines	SV
Chile	CL	Koror	KR	St. Vincent and the Grenadines	SV
China, People's Republic of	CN	Korea, Democratic People's Republic of (North)	KN	St. Vincent and the Grenadines	SV
Christmas Island (Indian Ocean)	CI	Korea, Republic of (South)	KS	St. Vincent and the Grenadines	SV
Ciudad Juarez	CJ	Kuwait	KW	St. Vincent and the Grenadines	SV
Cocos (Keeling) Islands	CC	Laos	LA	St. Vincent and the Grenadines	SV
Colombia	CO	Lebanon	LB	St. Vincent and the Grenadines	SV
Comoros	CM	Lesotho	LS	St. Vincent and the Grenadines	SV
Congo	CG	Liberia	LI	St. Vincent and the Grenadines	SV
Congo, Republic of the	CG	Liechtenstein	LI	St. Vincent and the Grenadines	SV
Costa Rica	CR	Luxembourg	LU	St. Vincent and the Grenadines	SV
Croat Sea Islands Territory	CSIT	Macao	MA	St. Vincent and the Grenadines	SV
Cuba	CU	Madagascar	MG	St. Vincent and the Grenadines	SV
Cyprus	CY	Malawi	MW	St. Vincent and the Grenadines	SV
Czechoslovakia	CZ	Malaysia	MY	St. Vincent and the Grenadines	SV
Denmark	DK	Maldives	MD	St. Vincent and the Grenadines	SV
Dominica	DM	Mali	ML	St. Vincent and the Grenadines	SV
Dominican Republic	DO	Marshall Islands	MI	St. Vincent and the Grenadines	SV
Ecuador	EC	Martinique	MQ	St. Vincent and the Grenadines	SV
Egypt	EG	Mexico	MX	St. Vincent and the Grenadines	SV
El Salvador	ES	Micronesia, Federated States of	FM	St. Vincent and the Grenadines	SV
Equatorial Guinea	EQ	Moldova	MD	St. Vincent and the Grenadines	SV
Ethiopia	ET	Monaco	MC	St. Vincent and the Grenadines	SV
Europe Island	EU	Mongolia	MO	St. Vincent and the Grenadines	SV
Falkland Islands (Islands Malvinas)	FI	Montserrat	MS	St. Vincent and the Grenadines	SV
Faeroe Islands	FO	Nauru	NR	St. Vincent and the Grenadines	SV
Fiji	FJ	Nepal	NP	St. Vincent and the Grenadines	SV
Finland	FI	Netherlands Antilles	NA	St. Vincent and the Grenadines	SV
France	FR	New Zealand	NZ	St. Vincent and the Grenadines	SV
French Guiana	FG	Nicaragua	NU	St. Vincent and the Grenadines	SV

